

How One Bank-Agent Auto Plan Works (page 38)

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



- December
JULY 1948
A



Bankers go to school (page 86)

The Tax Millstone on Small Business

(page 33)



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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



WEIMAN AND LESTER

Just before The Graduate School of Banking opened its 1948 resident session at Rutgers, the Empire City Savings Bank, New York, arranged a window display featuring the School. The exhibit included campus and classroom photos, graduates' theses, and a brief account of the G.S.B.s' work

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July 1948

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TIME TELLS

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Just a minute

18 Questions

WRAPPED in a neat package on page 35 are the answers of 25 or 30 prominent bankers and economists (some of them bank economists) to a series of questions on monetary management.

The 18 queries were put to these experts by E. SHERMAN ADAMS, a New York bank officer, who then summarized the replies in an article that compactly presents the current viewpoint of a nationwide cross section of the banking world.

Mr. ADAMS' questions were chiefly concerned with money rates and official support of the government bond market. The participants were asked whether they thought a further increase in the Treasury's 12-month borrowing rate would be worth the cost as a means of helping curb inflation; whether steps taken by the monetary authorities in the past year or so had had much effect on the volume of bank credit; whether the national economy would suffer if most interest rates held around their present levels.

The bankers and economists also had an opportunity to state their views on such matters as consumer credit regulation, reserve requirements, mone-

tary policy, and the pros and cons of permitting "governments" to find their own levels.

You'd probably never have an opportunity to make this opinion survey in person; the men interviewed are widely scattered. But BANKING brings them together for you and the investment of a few minutes' reading time should prove profitable.

There wasn't room in the June issue for the entire article, so it's being "continued in our next."

The Institute

HIGHLIGHTS of the American Institute of Banking's 46th annual convention, held in Buffalo last month, brighten the June edition of "Banking News," starting on page 83.

There you'll find a concise summary of convention activities and accomplishments. But as every A.I.B'er. knows, cold type and half-tone engravings don't reflect the intangibles that make the Institute unique. Dr. HAROLD STONIER, formerly National Educational Director, summed up well when he said: "You can't put the Institute *spirit* into writing."

And that spirit is at its best during the annual meetings.

However, some things about the A.I.B. can be reduced to print—statistics, for instance. Talking the other day with Dr. WILLIAM A. IRWIN, LEROY LEWIS' immediate predecessor in the office of Educational Director, BANK-

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"The First National has offered me sergeant's stripes"

ING suggested that it would be interesting to compute the number of man hours of study accumulated by the 46,000 men and women enrolled in the courses.

BILL did a little calculating and came up with this amazing figure:

More than 6 million—and that's a conservative estimate.

Yes, it's quite an Institute!

The Business Climate and January 20

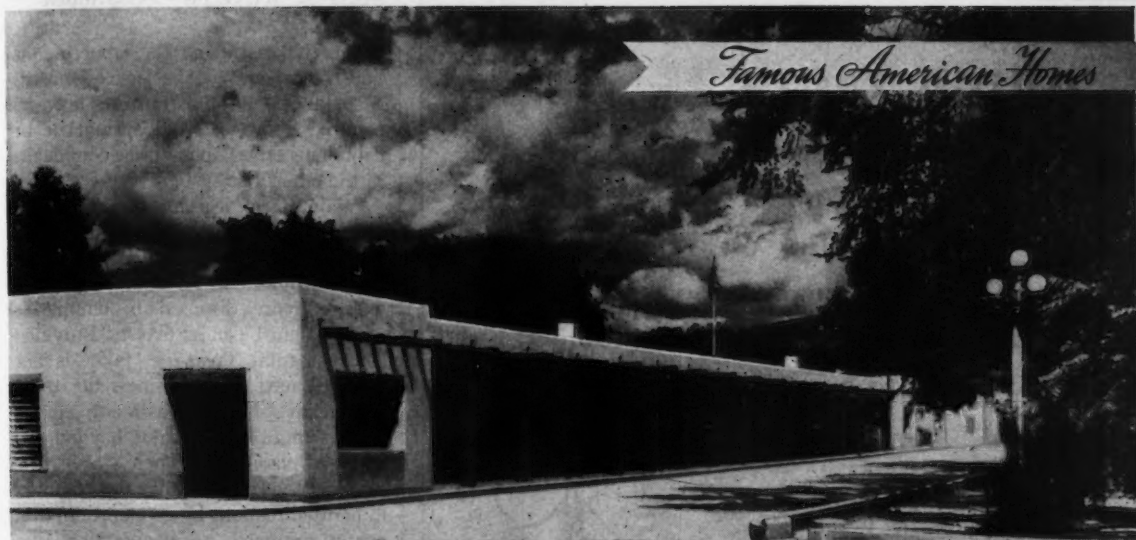
LAWRENCE STAFFORD's Washington observations this month are on a when, as, and if basis—that is, our capital reporter discourses what may happen should a new administration move into the White House on January 20, 1949.

Let us state, here and now, that BANKING is not a crystal gazer and that the deductions appearing in "Washington" (page 43) are Reporter Stafford's, not ours. But if you have been thinking along the same lines, you may want to check your political forecasts and economic blueprints with his.

A brief excursion into the article will indicate Mr. Stafford shares a widely held belief that a new administration is destined to take charge on January 20, 1949. On that premise our correspondent ventures over the horizon to view possibilities for improving the business climate. He sees several interesting things—for example, "any new administration will not have to act or react toward labor legislation directly, or toward all other legislation

(CONTINUED ON PAGE 6)

BANKING



THE ADOBE PALACE

*"Here Conqueror and Conquered
Live Again"*

SPANISH grandees... Franciscan friars... Indian warriors... frontiersmen... soldiers of many nations have passed in history's long pageant through the portals of the Palace of the Governors in La Villa Real de la Santa Fe. The massive adobe walls have witnessed scenes of bloodshed and terror no less than ceremonies of regal pomp and splendor.

The palace was built in 1610, the year Santa Fe was founded, and served as the governor's residence and headquarters. In the early days of Spanish rule Indians were tried there on charges of witchcraft and rebellion. Here four Indians found guilty of murdering missionaries were hanged and their alleged accomplices were whipped and sold into slavery. In 1680, provoked by these and similar acts, an Indian uprising forced one thousand of the townspeople to

seek refuge in the palace where they withstood several days' siege. Then the Indians cut off the water supply, the livestock in the patio began to die and the Spaniards' suffering became almost unbearable. Though the governor was able to rout the Indians temporarily by a surprise attack, he was compelled to abandon the province and for twelve years the Indians held sway until New Mexico was reconquered by General Diego de Vargas.

During the Spanish rule, rebellious Indians and others were imprisoned in the palace dungeon, including a number of Americans charged with entering the province for unlawful purposes. Among the latter were David Meriwether, later territorial governor of New Mexico, and Major Zebulon M. Pike.

After being occupied for more than two centuries by the Spanish and Mexicans, in 1846 the palace again changed owners when General Stephen Watts Kearny conquered New Mexico



The Ecclesiastical Room, showing many early church furnishings



Lewis Wallace

without firing a shot. During the American territorial period which followed, one of the most noted governors was General Lewis Wallace who wrote part of *Ben Hur* while a resident of the palace.

Now occupied by the School of American Research, Museum of New Mexico and Historical Society of New Mexico, this oldest government building in the United States continues to stand as a monument to the colorful history of the Southwest and a shrine of the several cultures, races and flags which have known it.

* * *

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The Rito de los Frijoles Room

QUICK FACTS

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MARINE TRUST COMPANY

Buffalo's Oldest and Largest Commercial Bank

UP 8% IN NINE YEARS

It's so nice to be able to practice restraint in advertising yet make the story impressive. Take our headline this month, for example. It simply means that the price of DeLuxe Personalized Pocket Checks, having been advanced last December from \$1.25 to \$1.35, is up only 8% in a nine-year period. We do not believe it would add to the impressiveness of this statement if we were to say "Down 46% in ten years," although that too would be true because ten years ago these checks really did sell for \$2.50.

In the face of steadily mounting costs we have held the price line pretty well, and not at the sacrifice of profit either because we do a lot better at \$1.35 than we did at \$2.50. The answer, of course, is ever-increasing volume. Certainly, covers have gone up, but they haven't gone up as much as they might had we not jumped our purchases from a hundred thousand to a half-million. Boxes have gone up, but since we buy two or three hundred thousand at a time instead of fifty thousand, they also have not advanced as much as they normally would.

Labor has gone up, but our people respond well to "doing things easier"

and their output has in large measure offset higher hourly rates. We have installed automatic Teletypesetter equipment at a cost of forty thousand dollars just to shave a little off the expense of casting a line of type. We have taken a simple little eighty dollar gold-stamping machine and, through the addition of "gadgets," have made it a one thousand dollar machine and improved its output in an eight-hour day from 400 to 1500 units. We have taken common, everyday printing forms and engineered them into precision units to take the guesswork out of printing. These things—and many more—we have done in order to hold the price line and to get ready to serve two million customers next year instead of the one million who bought DeLuxe Personalized Checks last year.

We don't share the view that price advances should be "passed on"; we think our responsibility as a manufacturer is first to find ways and means of "doing things easier," which is another way of saying doing them better, faster and cheaper. So we don't pass them on. Neither do we absorb them. It is our purpose to dissipate them and, to the degree we succeed, we hold down prices.

De LUXE
CHECK PRINTERS

Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

JUST A MINUTE — Continued

indirectly, as though the labor unions had a mortgage on the White House." Also, a new administration "may be counted upon to avoid systematic or capricious sallies upon public confidence in the enterprise system."

Again, farm legislation is likely to concern itself more with long range protection of soil than with pegging farm income. As for taxes, Congress will be more disposed to emphasize excises than business taxes. "Provided a larger total Treasury 'take' is not required next year, business tax relief by means of an adjustment among objects of taxation is not beyond the realm of possibility. There's also "the prospect that economy can be promoted in many directions by cooperation, or a nearer approach to cooperation, between Congress and the Administration."

Congress

JUST before Congress wound up its affairs for the season, BANKING asked ROBERT TAYLOR (of the A.B.A. staff, not Hollywood) to write a summary of the national legislators' session, with special emphasis, of course, on developments that bear on banking.

The article is a preview as well as a review—unfinished as well as finished business—and covers five major categories: the bank reserve proposals, small business credit, agricultural credit measures, housing, and bank holding company legislation.

The discussions on the numerous bills were protracted and perhaps occasionally confusing, so the TAYLOR resume may well serve as a concise re-

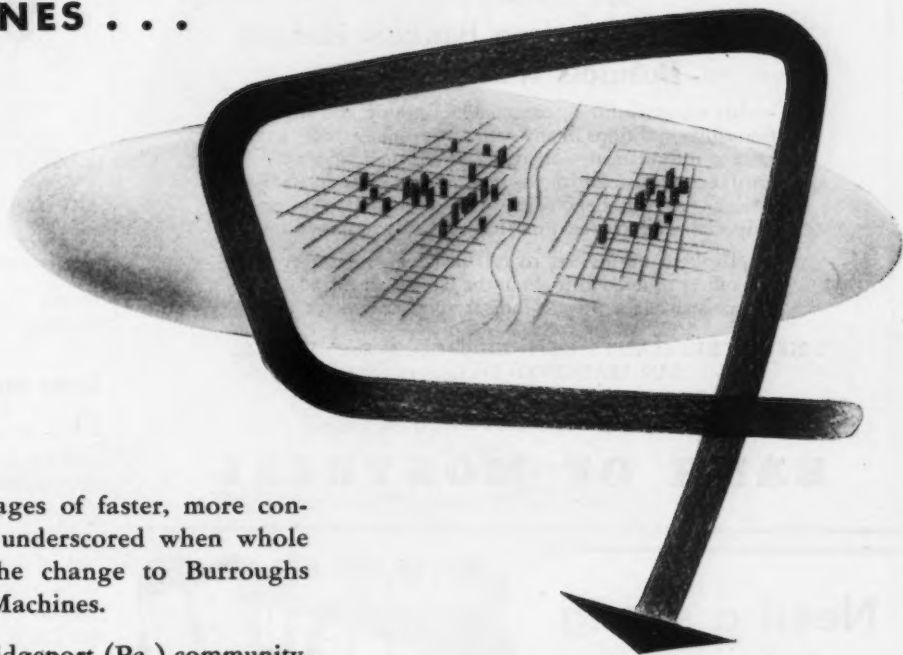
"Mr. Jones just went up on the roof to think!"



BANKING

A whole community

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The practical advantages of faster, more convenient banking are underscored when whole communities make the change to Burroughs Commercial Teller's Machines.

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JUST A MINUTE — Continued



"My check came backed marked 'No funds.'
Is the bank failing?"

fresher on just what happened in Washington.

Taxes and Small Business

ONE of the principal needs of small business today is the removal of some tax burdens and inequities that frighten new capital and deter the proper retention of earnings necessary for growth and stability, says KENTON R. CRAVENS, vice-president of the Mercantile-Commerce Bank and Trust Company, St. Louis, in a BANKING article this month.

As Mr. CRAVENS reports, the A.B.A. Credit Policy Commission (of which he is a member) and the Small Business Credit Commission have set up a joint subcommittee to study the taxation of small business. He lists and elaborates eight steps which this group believes would create "a more favorable atmosphere for the healthy growth and stability of this important segment of private enterprise."

Youth Loans

IN Tucson, Arizona, a bank has set up a Young People's Loan Division where enterprising youngsters with sound business projects can get good advice and the loans to activate them.

The Southern Arizona Bank puts its "youth loan" applicants through the regular channels. There's an interview at which the prospective borrower must estimate the potential profit of the venture he has in mind, the outlook for repayment of the loan, etc. Also, he must prove that the project won't

(CONTINUED ON PAGE 11)

BANKING



General Foods presents to its stockholders

... Frances Barton

FRANCES BARTON is a friendly, symbolic personality who will henceforth represent to the consuming public the knowledge, experience, and spirit of helpfulness in the General Foods Consumer Service Department.

By identifying the many consumer services of General Foods with this personality, we hope to build an asset of ever-increasing value.

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Extract from a letter
received from one of our
correspondent banks



One of the advantages offered by the Chase as a New York correspondent is the close familiarity and insight of its officers into banking and business conditions in all sections of the country.

This information, constantly available in the Chase offices, can be readily used in connection with the problems or needs of the customers of correspondent banks.

Broaden customer service with Chase correspondent facilities

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

JUST A MINUTE — Continued

interfere with his school work, and he must have parental consent.

The borrowers pay interest at the regular rates, but the bank credits its income from this department to a special fund which it distributes to Tucson youth organizations.

AMOS TAUB tells the story on page 22. He includes, of course, a sampling of the projects for which the young businessmen (so far no young business women have applied) seek financial assistance.

Howie

LAST MONTH BANKING introduced to its readers one Howie Duzzit, "diplomat, expediter and pillar of efficiency."

In his June debut Howie, a creation of Dick Ericson's drawing board, was a mortgage officer. This month he's head teller, and on page 36 and 37 he works out a number of customer relations problems. The demonstration is along "true or false" lines—that is, you have your choice of answers as to how he will handle a given situation.

No, BANKING isn't offering free refrigerators or seven-room houses for the right answers. We're sure that you'll be eager to provide them gratis and that the correct ones will be forthcoming with the expenditure of even less effort than is required of the contestants in a radio quiz show.

"Bank examiners? Go over everything in the bank? Just you try it—I'll bop the first man who moves in my direction!"



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JUST A MINUTE — Continued

Also, we predict you'll grin as you participate in our little game.

Britain, Ireland and Amsterdam (Missouri)

It's a long way from Henry VIII to Amsterdam, Missouri (population 172) but DON EVANS, Kansas City newspaper man makes the jump in "Balanced Banking, Farming and Living" (page 55).

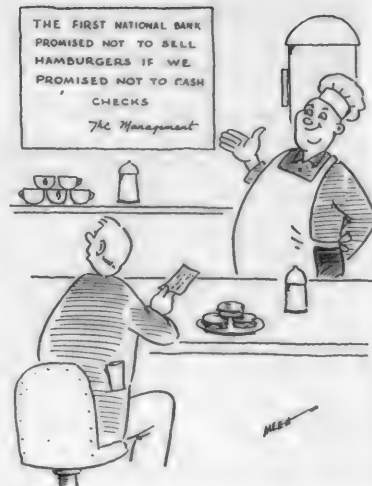
The background for this story on one country banker's efforts toward building a prosperous community is the good earth once owned by Sir William Scully. His Lordship, it seems, lost his Irish lands at the conclusion of the long squabble among British kings, Parliament and the Irish. But he promptly bought some American acreage, including a tract in Missouri. His heirs sold it a few years ago and now the land is being rehabilitated, with the aid of Cashier E. J. EVANS and the Citizens Bank of Amsterdam.

State Presidents

THE season for the annual conventions of state bankers associations virtually ends with June, and BANKING takes occasion to introduce, pictorially, 32 of the newly elected presidents (pages 79 and 80). Photographs of others will appear next month.

Manhattan Wampum

THE Chase National Bank's collection of world moneys is as famous as it is complete, although we're not prepared to say whether its fame, until recently, had reached the Navajos. However, word of this wampum hoard must now be community property on the Ganado



Reservation; Navajo Chief Saligo Tso and several compatriots are back home after their visit to the Chase's vast assemblage of coins, stones, notes, fish hooks and other items that pass as legal tender on the highways and byways of the planet.

The chief, spokesman for the little party during its New York sojourn, was duly impressed by the display. And when someone asked him the inevitable question, "Which kind of wampum do you like best?" he unhesitatingly pointed to the Federal Reserve variety.

Saligo Tso might well have been content with so neat a demonstration of his perspicacity. But, we're told, he wasn't. He added to his comment a postscript that will be a classic in the annals of the bank.

You'll find it in the first item of this month's "Heard Along Main Street" department (page 98).

JOHN L. COOLEY

"Sure . . . now we just hand it to that man behind the window. I've seen my dad do it lots of times"



38 YEARS AGO CHRISTMAS CLUB PIONEERED WITH SOUTH NORWALK TRUST COMPANY

South Norwalk, Conn.



Back in 1911, when C. P. Rogers made the first transcontinental airplane flight from New York to California, the South Norwalk Trust Company joined with Christmas Club in offering a new service to its depositors. It is a service which continues to this day.

In that year, 1911, the total assets of the South Norwalk Trust Company were \$1,527,000.00.

Since then the company has grown greatly in size and strength. The financial insight and progressive spirit of its management, which early discerned the value of Christmas Club, have built up the bank until its assets now exceed \$19,250,000.00.

Men of financial ability are quick to see the possibilities for growth which Christmas Club offers to banks. Christmas Club members come into their banks fifty times a year to make deposits, fifty opportunities for bank officials to acquaint these steady savers with other financial services—banks that have Christmas Club are banks that grow.



SPENCER S. ADAMS
PRESIDENT
South Norwalk Trust
Company

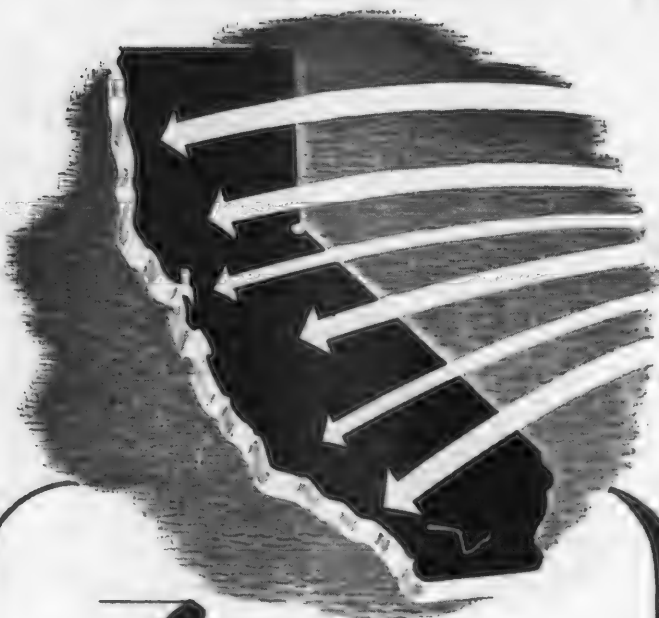
Christmas Club

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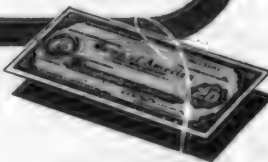
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NATIONAL TRUST AND SAVINGS ASSOCIATION

California's Statewide Bank

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
MEMBER FEDERAL RESERVE SYSTEM

Bank of America Travelers Cheques are known
the world over. Sell them to your customers



F and G Limits Raised

SECRETARY of the Treasury Snyder has announced that institutional investors of the classes defined in Department Circular No. 814, dated September 22, 1947, will be permitted to purchase United States Savings Bonds of Series F and Series G during the period from July 1 through July 15, 1948, inclusive, in amounts in excess of existing limitations.

The Secretary stated that this offering is in line with his statement of September 5, 1947, when he announced the offering of the 2½ percent Treasury Bonds, Investment Series A-1965, when he said that "further offerings of securities suitable primarily for institutional investment needs would be made available whenever the situation warrants such action."

The special offering of Series F and G bonds will be open to institutional investors holding savings, insurance and pension funds, which were eligible to purchase the 2½ percent Treasury Bonds, Investment Series A-1965, under Department Circular No. 814, dated September 22, 1947, subject to the following limitations:

(a) Each investor in the following categories will be permitted to purchase Series F and G Savings Bonds combined up to a total amount of \$1,000,000 (issue price) for the calendar year 1948, provided that any bonds in excess of the existing limit of \$100,000 must be purchased during the period from July 1 through July 15, 1948:

(1) Insurance companies; (2) savings banks; (3) savings and loan associations and building and loan associations, and cooperative banks; (4) pension and retirement funds, including those of the federal, state and local governments; (5) fraternal benefit associations; (6) endowment funds; (7) credit unions.

(b) Each commercial and industrial bank holding savings deposits or issuing time certificates of deposit in the names of individuals, and of corporations, associations and other organizations not operated for profit, will be permitted to purchase F and G Savings Bonds combined up to \$100,000 (issue price) from July 1 to July 15, 1948, inclusive.

Further details with respect to this special offering will be announced later.

Insurance . . . and YOU

#8 of a series of informative articles
on insurance and bonding.

Mr. Banker:

THIS ADVERTISEMENT will be seen by business executives throughout the country in the pages of Nation's Business, Dun's Review, Business Week, and other publications.

Although its message is directed to businessmen, it has definite importance for bankers who make business loans.

Sudden disaster and interrupted profits may put your clients out of business. Proper insurance—of both property and income—is vital to maintain solvency. Hartford's Business Interruption Insurance does more than protect your clients—it helps safeguard the soundness of your loans.

Which would you rather lose— property dollars or income dollars?

If disaster shuts down your place of business, you will suffer an income and a property loss. You need protection against *both*!

Property insurance alone won't protect you against loss of income, but Hartford's Business Interruption Insurance can do just that. If fire, storm, or other hazards insured against, force you to suspend business, Business Interruption Insurance can protect you against loss of anticipated earnings.

Business Interruption Insurance can give you *just what your business itself* would have given you if no interruption had occurred.

Here, briefly, is how Business Interruption Insurance protects you:

BUSINESS BALANCE SHEET FOR ONE MONTH

Before Fire

Sales	\$30,000
Cost of Merchandise	18,000
Gross Profits	12,000
Expenses	10,000
Net Profit	\$ 2,000

After Fire—WITHOUT Business Interruption Insurance

Sales	None
Cost of Merchandise	None
Gross Profit	None
Expenses continuing during shutdown	\$ 7,000
Net Loss	\$ 7,000
Add. Anticipated Profit Prevented	2,000
Total Loss	\$ 9,000

After Fire—WITH Business Interruption Insurance

Sales	None
Cost of Merchandise	None
Gross Profit	None
Income from Business Interruption Insurance	\$ 9,000
Expenses which continue	7,000
Net Profit	\$ 2,000

(Same as was anticipated had no interruption occurred)

Hartford's Business Interruption Insurance is adaptable to almost any business enterprise; stores, factories, garages, theatres, hotels, etc.

The Hartfords have prepared work sheets to help determine how great a loss you might suffer and how much insurance you will need to safeguard your income. Write for them—there's no obligation!

HARTFORD

HARTFORD FIRE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
HARTFORD LIVE STOCK INSURANCE COMPANY



Writing practically all forms of insurance except personal life insurance
Hartford 15, Connecticut

Strengthen Your Doubtful Risks With Lawrence Receipts

Judged by its prevailing risk criterion, a bank's portfolio contains many loans on open account which may well be placed on a secured basis. Lawrence warehouse receipts issued on the borrower's inventory in such cases protects* the lender with collateral which is fundamentally sound.

*Lawrence receipt holders are protected by the strongest and broadest fidelity bond and legal liability insurance in the field warehouse industry. Thus Lawrence can always discharge its liabilities in full.



Use this new Lawrence book to prepare the way for secured credit with customers for whom secured credit is indicated. Write us for free copies.

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Cleveland • Cincinnati • Kansas City • St. Louis • Atlanta
Des Moines • Charlotte • Jacksonville • New Orleans
Houston • Dallas • Denver • Phoenix • Portland • Seattle
Spokane • Stockton • Fresno • Washington, D.C.
Manila, P.I.



PERHAPS there has already been published a "Dictionary of Bank Terms." If not, a glossary should be prepared, for many misconceptions exist as to the meaning of some of these familiar phrases.

For instance, a very public-spirited lady, who was always asked to serve on the various drives staged in the community, came into our bank one day and, finding she must wait a while before she could see the officer she had planned to ask for a contribution, picked up one of our printed statements and read it most attentively.

Then she turned to the receptionist and asked, "What do they do with the surplus?"

"What do you mean?" asked the surprised employee.

"Well, in this statement it says you have \$150,000 surplus," said the lady.

"When I went to school they always said that a surplus was too much of anything—like when they plowed the crops under during the depression. I



just wondered if the bank gave its surplus to charity, or what it did with it."

Of course there are things besides bank terms which customers don't always understand very well. One day a shrewd looking woman appeared at the entrance to our safe deposit vault and asked for her box.

"May I have your key?" asked the attendant.

"Oh, I forgot to bring it today," replied the customer. "Just use the bank key, please."

"But you see it takes your key and the bank's key, too, to open the box," explained the employee.

"Oh, just use the bank's master key," said the box owner.

The employee said there wasn't any bank master key.

"Oh, I know that's what they tell the customers," was the sprightly reply, "but I know there is some way the bank can open all the boxes."

Again the vault attendant assured her that the bank was just as helpless without *her* key as she was without the bank's key—it required both. With a shrug of her shoulders, the customer opened her purse, took out her safe deposit box key, and handed it to the attendant.



"I just wanted to be sure," she said, "that you couldn't really open my box without my key. I've always had a suspicious feeling that banks could open those boxes any time they wanted to, so I just thought I'd try you out!"

BELLE S. HAMILTON

See Here

A university is an institution which has room for 2,000 in classrooms and 50,000 in the stadium.

History is a record of how other nations have always been wrong.

We wish the Gideons would leave Bibles with the hotel clerks who handle the reservations.

We're always hoping that when one of those microphones pops up out of a stage floor it will catch a hillbilly crooner right on the chin.

Some men don't have a solution for any difficulty, but they have a difficulty for every solution.

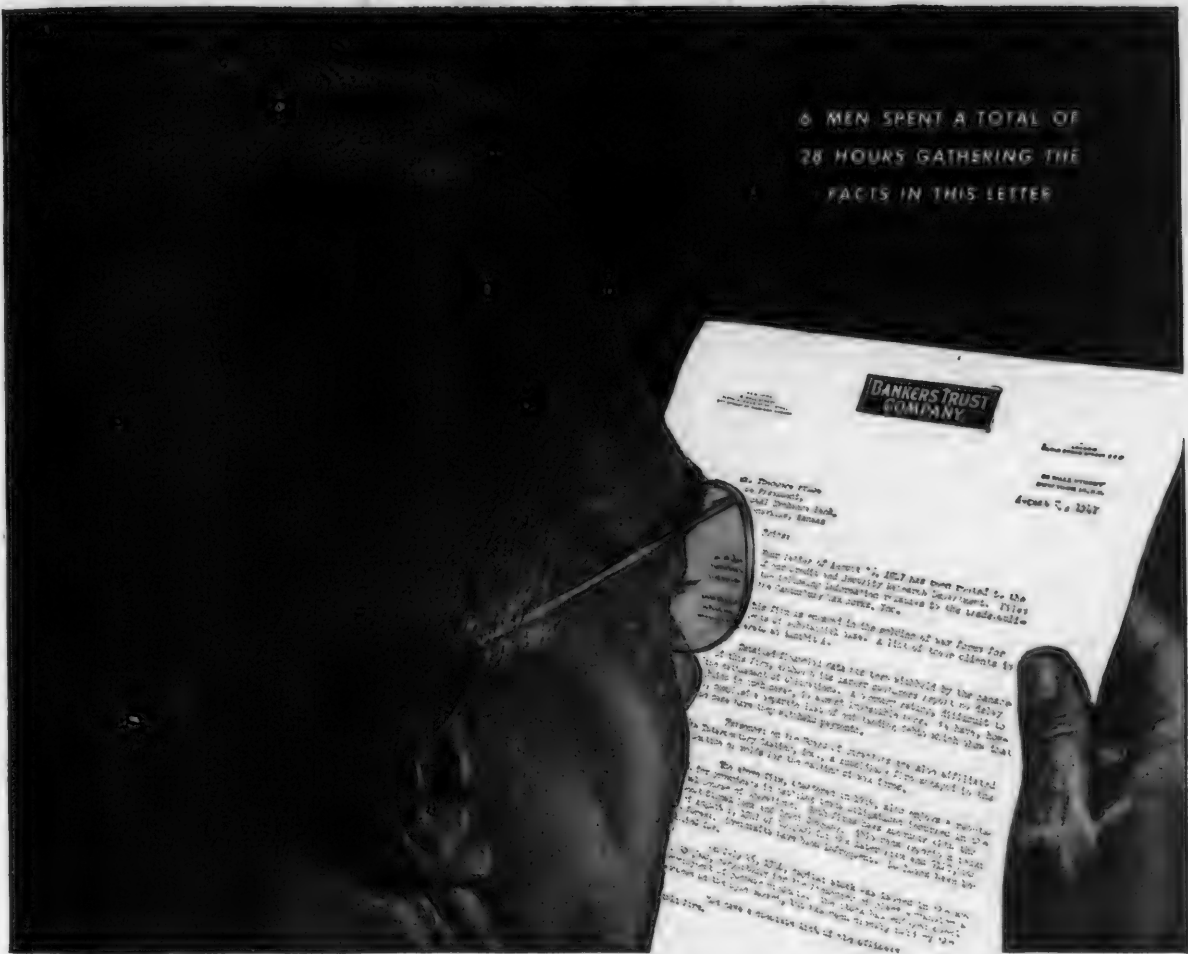
It takes a wise man to keep to himself how smart he is, and how stupid the rest of the world is.

We understand there are no profane words in the Indian language. The Indians never learned golf.

The best advice of all is what you get from others but don't take.

BANKING

6 MEN SPENT A TOTAL OF
28 HOURS GATHERING THE
FACTS IN THIS LETTER



WHY BANKERS TRUST CREDIT INFORMATION IS DEPENDABLE

WHEN credit information is needed, a prompt report that is accurate, complete, and specifically directed to the problem is essential.

That is why a Bankers Trust *Credit Information Letter* is based on interviews with suppliers, customers, competitors, banks, trade associations, and established credit agencies. That is why each credit inquiry receives the personal attention of an experienced credit officer.

We know that an inquiry calling for detailed, hard-to-get facts cannot be answered as the result of a routine investigation.

Another *plus* factor is the organization of our Credit and Security Research Department along industry lines, where trained analysts work together in sections specializing in important industries. Here, the information obtained by our investigators is appraised in the light of current trade conditions, assuring the proper evaluation of the significant facts.

This is what it takes to prepare a Bankers Trust *Credit Information Letter*—a letter which reflects the seasoned judgment of experienced credit men.

BANKERS TRUST COMPANY

NEW YORK

Member Federal Deposit Insurance Corporation



North of the Border

The Political Picture in the Dominion

THE Dominion Government's budget presented last month for the fiscal year ending March 31 revealed a comfortable financial position—indeed, so comfortable as to cause widespread disappointment over the government's decision to maintain tax rates practically at the present levels. Total revenues of \$2,869 million were close to the wartime peak of about \$3,000 million. Ordinary revenues, mainly taxes, were actually at an all-time high, notwithstanding quite substantial reductions in income tax rates during the two preceding fiscal years and the lapsing of the excise profits tax. Higher employment, rising commodity prices and increased wages helped to bolster ordinary revenues to their record height.

Total expenditures were \$2,199 million, over \$400 million less than in the previous 12 months and \$670 million below total revenues. The surplus was used to reduce the national debt which, with previous repayments, brought the government's net obligations to \$12,378 million, about \$1,000 million below the peak.

Current Estimates

Estimates for the current fiscal year ending next March are \$2,724 million for revenues and \$2,175 million for expenditures. However, the Minister of Finance in presenting these estimates qualified them considerably in view of the other financial transactions which the government has to undertake, in one way, by lending to and making investments in its own corporations and agencies, as well as in extending credits to other countries. The Minister was careful to point out that, taking all prospective transactions into account, the budgetary surplus may not be a large one.

Additional data have been collected to show revenues and expenditures of governmental bodies in Canada for the calendar years back to 1939. These reveal that revenues of all governments (federal, provincial and municipal) have increased considerably over the last decade to about \$4,000 million, three and a half times the prewar collections. In the year 1947 a surplus of revenues over expenditures amounting to more than \$900 million was shown in these accounts, much the greater proportion being that of the Federal Government.

Income Tax Decision

The government's decision to keep income tax rates at the present levels seems to have had something to do with the defeat of two of its candidates in recent by-elections for seats in the Dominion Parliament vacated by former representatives, one in the General Motors center of Oshawa, Ontario, and the other in the city of Vancouver, British Columbia. The relative constituencies were won by candidates of the Canadian Commonwealth Federation, the socialist group, partly in protest against continued high taxation, although the government claims that this is no higher, at least for moderate income groups, than that in the United States. The Socialist Party, however, made its greatest gains in the provincial elections early in June in Ontario, more than doubling its representation in the legislature. This party now becomes the official opposition to the Progressive-Conservative administration which, though maintaining a comfortable working majority, fared badly in certain industrial districts, notably Toronto, hitherto regarded as its stronghold. There the C.I.O. labor organization threw considerable weight into the election both in work and campaign funds. As a result of its successful support for the Socialists, the C.I.O. heads in Toronto will expect, of course, to

participate fully in the party's policies, perhaps to the extent of overriding moderate elements, including the Federation leader of Ontario, a young capable lawyer, as well as intellectuals, such as school teachers and university professors, who have been prominent in the party's councils.

The Socialist faction has nothing much in balancing elements—that is, between radical labor and the intelligentsia—and is therefore apt to suffer from dissension in its own ranks. The Progressive-Conservative Party is a well knit organization which, though losing heavily in Toronto, gained several seats from the old Liberal Party in rural Ontario and made some inroads into former socialist centers in the northern mining sections. It is regarded by unbiased observers to be safely in the saddle for another four or five years and to be capable of giving as good government as it has since it went into power with an overwhelming majority three years ago.

Elections in the Offing

In Saskatchewan and Quebec, elections for the provincial legislatures are looming up as interesting events, although the issues in the two areas are entirely different. In Saskatchewan the Socialist Party now in power is conducting a campaign based upon its record in social welfare, but is meeting stronger opposition in this election from a combination of Liberal-Progressive-Conservative forces, which selected single candidates in many constituencies to represent both parties, and thereby avoid a three-way split in the vote. This was largely responsible for the Socialist Party winning its way through some years ago. In Quebec the election will be fought mainly between the Liberal and Union Nationale factions. The latter, who have been in power for some years, is apparently about to raise the issue, as it has in the past, of political independence from the federal government. This election in Quebec may, indeed, decide the fate of the Dominion Liberal Party, which for more than a quarter of a century has been under the leadership of Right Honorable Mackenzie King and in power for all but a few years of that period, mainly because of the strong support it has had in this

(CONTINUED ON PAGE 20)



"It works out very nicely—Pierre throws lumber at Johnny and Johnny throws coal at Pierre"



Put Your Money on High Producers

The Case Forage Harvester is built from the beginning for *both* hay and row crops. With windrow pick-up, as shown here, it enables one man to chop and load about two acres an hour of green hay for silage, cured hay for barn storage, or combined straw for bedding. With row-crop unit, the same machine enables one man to cut, chop and load 12 to 16 tons an hour of corn for silage.

• You may wonder whether any bull can be worth the \$62,500 paid for Pittodrie Upright. It was a calculated risk—the price of a promise. It is the promise to produce better beefsteaks and rib roasts on thousands . . . maybe millions . . . of market steers.

Experienced cattlemen have learned that fine blood lines, blended by skillful breeding and carried to mass production in pasture and feedlot, bring greater returns for the labor of growing feed and tending herd. In crop production, experienced farmers have learned that quality machines, of proper size and type, bring greater returns because they boost the yield per man.

The "bloodlines" of Case machines come from more than a century of experience, a habit of making every part a bit better than might seem necessary. Their purchasers generally are the sort of farmers desirable as bank clients. Case holds that financing of farm machinery sales is business that belongs to local banks. J. I. Case Co., Racine, Wis.

CASE





No Insurance Program designed to protect and conserve assets is complete without Credit Insurance

DO RISING CREDIT LOSSES ENDANGER SOME OF YOUR "GOOD" CREDIT RISKS?

YOUR CUSTOMERS' value as a sound credit risk is lessened by rising credit losses. That's why an increasing number of banks advise customers to carry American Credit Insurance... why some banks insist on this added protection in granting commercial loans. *The bank may now be included as a named assured without charge.*

Accounts receivable are important assets at all times... subject to risk at all times... should be protected at all times.

That's why manufacturers and wholesalers... throughout the country... in over 150 lines of business... are already protected by American Credit Insurance... which GUARANTEES PAYMENT of your customers' accounts receivable... pays your customer when his customers can't.

Why not send for our book, "HOW TO PLAN CREDIT POLICY." It gives you important information about American Credit Insurance... valuable facts

about setting up sound credit policies... will help you help your customers solve credit problems and prevent an excessive number of delinquent accounts.

Phone the American Credit office in your city or write American Credit Indemnity Co. of New York, Dept. 45, Baltimore 2, Md., for a copy of "How to Plan Credit Policy."



J. E. Fadden
PRESIDENT



American Credit Insurance

GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

North of the Border

(CONTINUED FROM PAGE 18)

province. This will be a strenuous battle in which the Dominion liberal forces will probably be fully engaged. The Socialist Party will have candidates in the election, but it is not as well organized in Quebec as in Ontario and the western provinces.

The Business Situation

The Canadian business system is getting into a better balanced position than that of a year ago. At that time industry was surging ahead at a strong pace, while agriculture was facing unfavorable crop prospects which turned into comparatively poor harvest results. Now industry has recovered from the setback it experienced during the Winter, but the uptrend is slower than a year ago. Agriculture, though handicapped by a late planting season, particularly in the West, and by serious flood damage in several important localities, completed a large seeding program in time for normal plant growth, and with good weather from now on should enjoy one of its best harvests. American buyers of dairy cattle in Quebec and Ontario have been more active in recent months than ever before. Shipments south of the border since the first of this year were nearly 40,000 head, about twice as many as in the corresponding period of 1947. There are quite plain indications pointing to a revival of beef cattle exports to the United States after an interval of some years in which all surplus beef in Canada has been allocated to Britain.

Before World War II Canada shipped as many as 200,000 head of live cattle to the United States under the Reciprocal Trade Act and now has a quota at low duty rates under the Geneva Tariff Agreement of 600,000 head per annum.

Canada's need for more United States dollars and Britain's shortage of such funds are responsible for these indications which, if realized, would add quite substantially to Canada's supply of American exchange, already about \$200 million above the low point last November, although part of the increase is accounted for by borrowings by the Dominion Government from the Export-Import Bank in Washington.

We spend billions each year in foolish ways, one of which is keeping up with other folks who are trying to keep up with us.

TO ALL BANKS EVERYWHERE

...we offer our conception of correspondent banking. To this service we bring two commodities—knowledge and facilities.

Our facilities are those of a modern bank,
fully and effectively staffed,
including a large Foreign Department.

Our knowledge is that gained over the course of
145 years in the service of business and of other banks
in all parts of the world.

We should like to serve as correspondent for
your bank in the Philadelphia area.

May we give you details?



THE PHILADELPHIA NATIONAL BANK

Organized 1803 **PHILADELPHIA 1, PA.**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Business Loans to High School Students

AMOS TAUB

Mr. TAUB is a writer for a number of trade publications. He was formerly in the advertising and publishing business in New York.

A PAIR of tangle-haired teen-agers stepped diffidently into the mortgage and loan office of the Southern Arizona Bank and Trust Company in Tucson one morning last December. Instead of shooing the youngsters out of the hallowed halls of grown-up finance, bank officials smiled a welcome.

"Mr. Abernathy, please?" the elder of the two, a boy of about 16, asked. They were ushered through a door at the end of the row of tellers' cages up front.

The Southern Arizona Bank's employees knew what they were doing when they treated the two blue-jean-clad youngsters with so much deference. For the boys, Freddy Eaton and his 14-year-old brother Ronnie, were

about to become the successful recipients of the first youth loan granted by the bank. What's more, they set in motion a unique experiment in practical education—the application of the progressive technique of "learning through doing" to the complex but vital subject matter of the American system of business enterprise.

How It Started

However, the jump from two boys entering a bank to a complicated educational venture, whose success has important ramifications for our entire economic structure, was not made overnight. The idea first took seed in the mind of William L. Abernathy, a young, energetic executive in the bank's loan division. Working out the details, Mr. Abernathy passed his suggestion along to his superiors. Enthusiastic "go aheads" soon came back from John M. Sakrison, chairman of the board, Louis

Felix, president, and H. W. Olsen, manager of the mortgage and loan office.

With this support, Mr. Abernathy quickly set up a young people's loan division to deal with this new concept in banking procedure. Here, enterprising youngsters with worthy financial plans receive adult treatment, sound advice, and, what's more—when their projects warrant it—cash loans.

First requisite for a youth loan is that the projected investment be sound. Applications are judged on the same strict basis as any commercial loan. Not only must the money be put to productive use, but the potentialities for profits and prompt repayment must be high. Standard interest rates prevail.

Where Profits Go

Since the youth loan plan was conceived primarily as an educational program, the Southern Arizona Bank takes no profit on such transactions. As a matter of fact, all interest collected from youth loans goes into a special fund which is later divided among Tucson youth organizations. However, in order to inculcate a true understanding of banking and loan procedure, normal interest practice is insisted upon. Rates vary, depending on the nature of the loan, time of the note, and amount of risk. In this manner, youthful entrepreneurs gain a first-hand knowledge of financial methods and usages.

No limits are set on the type of business investment for which loans may be made. In the case of the Eaton brothers, for example, \$450 was advanced on a six-month term note to purchase five calves. The calves were fed and fattened by the boys and finally sold at a price which not only paid for the loan, the feed and the interest, but left them a tidy profit.

Other loans have been made for such purposes as purchase of a tow-truck by a garage mechanic and the buying of a

(CONTINUED ON PAGE 24)

Seated around the desk, left to right, are William L. Abernathy, in charge of the young people's loan division, 14-year-old Ronnie Eaton and Freddy Eaton. Looking over their shoulders is H. W. Olsen, manager of the bank's instalment and loan division. Freddy, 16, is signing a youth loan note





SAFE-KARDEX PROVIDES CERTIFIED PROTECTION

For Safe Deposit Records —at point of use

Located at entrances to vaults—for the utmost convenience of both clerks and customers—these insulated Kardex cabinets protect valuable signature records from the hazards of fire, 24 hours a day. There's no need to expend time and effort moving records back and forth from vaults. Specially fitted locks prevent tampering by unauthorized persons.

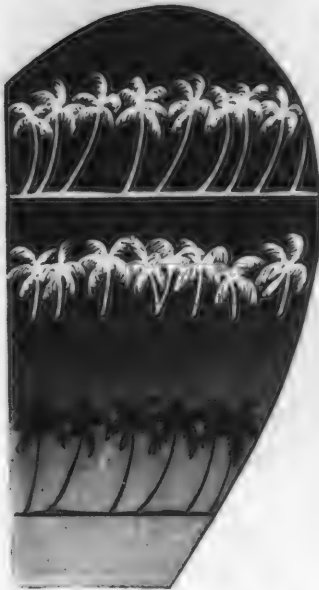
Faster service to customers and positive signature verification are assured when cards are safely indexed in the new Kardex Visible Signature Control housed in these cabinets. Records cannot be misfiled or misplaced—clerical work is simplified—and banks have added assurance that identification will be verified in every instance. For more facts about Safe-Kardex and Kardex Visible Safe-Deposit Records, write Systems Division, 315 Fourth Avenue, New York 10, N. Y.



Remington Rand

THE FIRST NAME IN BUSINESS SYSTEMS

Pictures show Safe-Kardex at work in the Home Office and Branches of Seattle-First National Bank—indicate how units may be arranged effectively to fit specific space and use requirements.



Since 1899

For complete correspondent service in the West Indies consult The Royal Bank of Canada. This bank has been established in the West Indies since 1899 and today operates its own branches throughout Cuba, Puerto Rico, Haiti, the Dominican Republic and the British West Indies. Officers in close touch with local conditions are in a favoured position to help you in developing trade and trade contacts in their respective areas. Our complete facilities are available to correspondent banks.

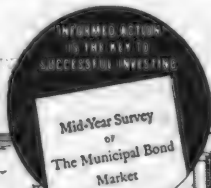
HEAD OFFICE — MONTREAL

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THE ROYAL BANK OF CANADA

ASSETS EXCEED \$2,000,000,000



A Timely Look at the Municipal Bond Market



Increasing numbers of investors are turning to American Municipal Bonds, attracted by their conservatism, safety, and eminently fair yield. Under the new Revenue Act of 1948, these issues still provide the primary recourse for those wishing to minimize their Federal income tax liability.

Our Mid-Year Survey of the Municipal Bond Market presents timely and helpful information for individuals, banks and institutional investors, whether experienced or making their first venture in municipal bond buying. It discusses the supply of and demand for such issues, examines factors which have affected and are affecting the market for them and inquires into the trends and outlook for municipal bond prices.

Send for this Informative Survey

and tax chart showing the relative value of taxable and tax exempt bonds for investors at various income levels, whether individuals, banks or other corporations.

Use this request form — at no cost.

HALSEY, STUART & CO. Inc.
123 S. LaSalle Street, Chicago 90, Illinois
Gentlemen: Please send me, without cost or obligation, 1948 "Mid-Year Survey of the Municipal Bond Market" and tax chart.

Name _____

Address _____

City _____ State _____

KC-28

HALSEY, STUART & CO. Inc.

122 WILSON ST. CHICAGO 90 ILL. NEW YORK AND OTHER PRINCIPAL CITIES

(CONTINUED FROM PAGE 22)

motor scooter by a newspaper delivery boy who was thus able to extend his route and increase his income.

In arranging for a youth loan, the first step the applicant takes is the interview with Mr. Abernathy. At this friendly, informal discussion, the would-be borrower tells his contemplated use of the money. In addition, he is required to estimate his own potential profit and his probable outlook for repayment of the loan. If he passes this oral test, the applicant must next demonstrate that the undertaking will not interfere with his school work.

Next, the youngster's parents must give their approval. A parent or guardian must also co-sign for the note.

Oddly—or perhaps not so oddly—enough, no girls have applied for youth loans. The boys who have appeared for help in implementing their dreams have been mainly high school and junior high lads. The young peoples' loan department is open to anyone up to, but not including, 21 years of age.

In thus catering to the younger set's financial needs, the Southern Arizona Bank has accomplished a three-fold success:

(1) The youth loans have resulted in valuable publicity and public relations; local newspapers have carried several feature stories about the department and Tucsonians have discussed the plan with enthusiastic praise for the bank.

(2) The young people successful in negotiating loans become first class future banking prospects; their families do, too.

(3) Even more important, the youth loan plan is succeeding along the lines it was primarily designed for—in lending a helping hand to deserving youngsters and, through them, in bolstering the foundations of the free enterprise system.



"Swanson, these new half-dollars have been out for some time now. Couldn't you let our customers have a few?"

BANKING



"INVESTMENTS PROTECTED" by Better Air Conditioning

Your financial interest in hotels, stores, restaurants and office buildings calls for a careful consideration of Better Air Conditioning.

Survey after survey has indicated the income-building advantages of air conditioning systems that adequately cool, dehumidify, circulate, filter, and ventilate the air for all types of business.

You can get such a system when you insist on General Electric equipment... installed to General Electric standards.

In your own bank, too, General Electric Better Air Conditioning can mean more comfort to clients and depositors... greater efficiency from employees... easier cleaning.

We suggest you discuss the profit building possibilities of air conditioning with an expert in the field—your local General Electric dealer or contractor. *General Electric Company, Air Conditioning Department, Section A8357, Bloomfield, New Jersey.*

GENERAL  ELECTRIC
Better Air Conditioning

The Hazards of Postcard Checks

MELVIN C. MILLER

Mr. MILLER is Deputy Manager of the American Bankers Association and Secretary of the Bank Management Commission.

DURING the past few months the Bank Management Commission of the American Bankers Association has received numerous inquiries from banks regarding postcard checks. The inquiries undoubtedly were stimulated by publicity which appeared in connection with certain postcard check plans now in operation.

The postcard check is simply a check printed on a postcard. The name and address of the payee are written on the address side of the card, and the check form is filled out in the customary manner. It is mailed as a postcard, no envelope being required.

The Bank Management Commission has carefully reviewed the postcard check plan, and has discussed it with the Insurance and Protective Committee of the American Bankers Association, and it is the feeling of the two groups that, while postcard checks do have the advantage of eliminating 2 cents per item in postage in paying bills, they also have a number of disadvantages:

(1) The Commission does not think it is a good idea for a person to let his signature circulate around in a manner where it can be copied easily and perhaps used in forging other checks.

(2) It is believed that the use of postcard checks would increase the forgery hazard because of the numerous hands through which they would pass without any cover whatsoever. Many checks enclosed in envelopes are stolen from the mails, usually at the place of delivery, but sometimes at the place of mailing. When negotiated, such stolen checks bearing forged endorsements are usually presented to merchants, hotels, taverns, etc., for cashing, or they are used as models for forging other checks. If the use of postcard checks approached any volume, it is believed that check thefts would materially increase and thus create more opportunity to trace or copy signatures of bank depositors, and also expose names of banks in which individuals' accounts are carried. If postcard checks were tampered with, they could still reach their destination showing no evidence of having been so

used, and, yet, crooks would have easier access to all the data necessary to forge other checks against bona fide accounts.

(3) The many hands through which a postcard check might pass would make it practically impossible to learn the identity of a forger, even though the checks used as models for the forgeries could be picked out with certainty. When a check in a sealed envelope is stolen, it is seldom sent on to its destination after the forger has procured the data he desires, because the envelope would show evidence of tampering.

(4) Postcard checks, unless made payable to a well known firm or corporation, could be cashed without too much difficulty by forging the payee's endorsement. If they are made payable only to well known business houses, it is probably true that they could be cashed only with difficulty by a crook. Therefore, the crook would undoubtedly resort to the use of other check forms on which he would forge the signature of the maker, after copying it from the stolen postcard check.

(5) Postcards are restricted in size, and this size differs from the size of a standard check. Consequently, the use

of postcard checks would work counter to the Commission's check standardization program.

(6) In payment of most bills from public utilities, department stores, etc., invariably the company requests that a slip, stub or the notice itself be enclosed with the payment, in order that proper credit may be given on its books for the remittance. It is difficult to see how a postcard check could be used in paying such a bill if the company has requested that a stub or slip be returned with the remittance.

(7) There has been a good deal of complaint from banks on the difficulty encountered in deciphering bank endorsements on checks. Postcard checks would only further complicate this problem, because, in addition to having endorsements one upon the other, there would be the name and address of the payee, the postage stamp, and the postal cancellation added to the confusion.

For these reasons, based on bank operating procedure and on protection, the Bank Management Commission and the Insurance and Protective Committee of the A.B.A. are not in favor of the extension of this type of instrument.



"Did you know the bank charges the same for overdrawing \$300 as for overdrawing \$3?"

THE LUSTRON HOME

What we say in our slogan

What's in a phrase?

We have tried to put our conception of the Lustron Home into a concise, meaningful combination of words. We call it

"...a new standard for living."

Of course, the idea in these words will convey different implications to different people. Here are some of the things we think three basic groups of people will read into it.

To the Buyer

Obviously, the family who buys a Lustron Home has a right to expect easier, better living.

More house for the money—more than 1000 square feet of usable, livable floor space. More utilities included in the basic purchase—kitchen cabinets, combination dishwasher-clotheswasher, exhaust fan, automatic water heater, automatic heating plant.

Twice the storage space of a comparable conventional house in Lustron's built-in "closet walls." Built-in features and radiant panel heating system unobtainable in any other house at any price. No repainting, redecorating or reroofing ever needed in this porcelain enameled steel home. The only cleaning materials are soap, water, and a damp cloth.

To the Builder-Dealer

Lustron's plan of working through soundly financed builder-dealers in established communities means that construction costs can be stabilized and accurately controlled. There can be no unforeseen construction delays, no need for substitution of materials.

Lustron's builder-dealers put their time against construction and sales. They waste no time on procurement, in vain searches for scarce materials. They erect a complete Lustron Home in approximately three days after completion of the concrete foundation, and get on to the next job—giving the



Permanent, easy to maintain, extremely little depreciation—these advantages are basic in the low-cost Lustron Home. Porcelain enameled steel panels can never decay, fade, weather or stain.

building industry the quick turnover it has needed for so long.

To the Lending Institution

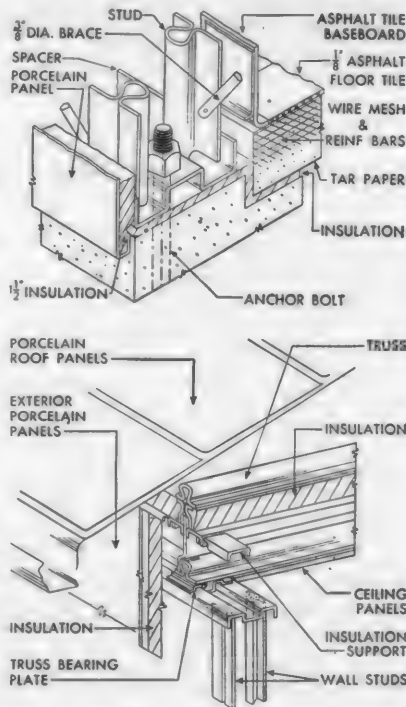
Banks, savings and loan associations, mortgage houses, and government agencies will find a new standard of value in home construction in Lustron's "new standard for living."

The great strength of all-steel construction plus the lasting qualities and easy maintenance of porcelain enameled steel means permanence, low rate of depreciation, higher resale value over a longer time.

Low carrying charges (well within the reach of modest incomes) cover not only a substantial house but also a "package" house, in which all utilities, built-in storage units and combination dishwasher-clotheswasher are included on one mortgage. The buyers' funds are not spread over separate installment payments on a great number of items.

Lustron Homes are now on exhibition in a number of cities.

Deliveries to builder-dealers will start in late June or July. We invite you to inspect the Lustron Home — and for more details, write us. O.L.C.



Detail drawings show soundness of Lustron construction methods.

LUSTRON CORPORATION

4200 East Fifth Avenue

Columbus 16, Ohio



Mr. Achor is shown riding his new miniature "Hudson" type, coal burning steam locomotive

Neighbors Ride This Banker's Hobby

"I'm a Firm Believer in Hobbies and I Feel Sorry for the Fellow Who Does Not Have One," Says Leonard B. Achor

ONE day recently the yard around the home of Leonard B. Achor, president of the District National Bank of Chicago, was swarming with young and old. Mr. Achor was preparing to "launch" his new miniature railroad locomotive, the result of nine years of working in his spare time. Mr. Achor, as fireman and engineer, offered everyone a free ride.

The engine and fuel car are 13 feet long and can develop 12 horsepower with 125 pounds of steam. Its greatest speed is about 35 miles an hour; it weighs 1,800 pounds; and it was all put together in a small machine shop in Mr. Achor's basement.

At present he has 200 feet of railroad track, but plans to increase this to 1,000 or even 2,000 feet if he can find some space.

Mr. Achor became interested in locomotive building because he grew up in

a railroad family. His father was agent for the B. & O. in Greenfield, Ohio, where the president of the District National was born. As a boy he spent a great deal of time around the station where he picked up railroad telegraphy, but never followed that as a means of livelihood.

He is a great lover of tools and machinery, but his family did everything possible to take his mind off railroad cars and locomotives and finally they managed to put him in a job in the Farmers Bank in Martinsville, Ohio. At that time he was still a sophomore in high school.

Banker Achor admits that he never had any intention of staying in the banking business but step by step he found himself so far in it that he remained there.

For many years he experimented with electric railroads. By accident in 1931

he started building his first "live steam" locomotive. This was built on a scale of $\frac{3}{4}$ of an inch to the foot and he has had it running around his home since 1934. It has gone many hundreds of miles and is still in good condition.

His new locomotive is a much more ambitious project. It is $1\frac{1}{2}$ inches to the foot and is what is known as the "Hudson" type. He started it in 1939, carving out wood patterns for the drive wheels. He managed to get help from various friends in neighboring foundries and machine shops.

When he finally had it finished he found that he could not get it out of the basement without tearing down part of the back porch. This new big locomotive will pull 25 or 30 people riding on flat cars.

"I'm a firm believer in hobbies," says Mr. Achor, "and I feel sorry for the fellow who does not have one."



The Governor of California *invites You*



EARL WARREN
GOVERNOR

State of California
GOVERNOR'S OFFICE
SACRAMENTO

To American Industry:

In California we are currently celebrating the centennial anniversaries of the beginnings of our State. We gain much inspiration from our review of the progress which has been made in the comparatively short span of one hundred years.

During the past eight and one-half years alone California's population has increased by 47 per cent and our industry and agriculture have risen to positions of great importance in the economic life of the nation.

Our tremendous reserves of natural resources and our strategic world trade position on the shores of the Pacific Basin assure California's continued progress in the years to come.

I am happy, therefore, to join in inviting you to investigate the opportunities for expansion which exist in the many communities of our State.

Sincerely,

Earl Warren
Governor



Earl Warren

* One of a series of advertisements based on industrial opportunities in the states served by Union Pacific Railroad.

Unite with Union Pacific in selecting sites and seeking new markets in California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, Oregon, Utah, Washington, Wyoming.

*Address Industrial Department, Union Pacific Railroad
Omaha 2, Nebraska

UNION PACIFIC RAILROAD

Road of the Daily Streamliners

Remember...

**our P.P.F. is right with you
wherever you go!**



NO MATTER WHERE YOU GO, how long you stay, how often you move along, or how much you take with you, our Personal Property Floater is right with you! Here is protection that brings peace of mind on vacation or other trips. And yet this vacation protection really costs you nothing additional when you figure that our P.P.F. safeguards you and your family, together or separately, from loss the whole year 'round; and at any place!

Besides, P.P.F. gives even more protection than the types of policies usually carried, such as fire, windstorm, explosion, burglary, robbery insurance, etc. Any combination of these may be costing you more than a P.P.F. right now!

Do as thousands of others do—get our P.P.F. and avoid having your vacation spoiled by the loss or damage of some prized vacation equipment or personal effects.

Phone or see our nearest agent before you leave on vacation, or write to our Agency and Production Department.



AMERICAN SURETY GROUP

AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
SURETY FIRE INSURANCE COMPANY

"Dependable as America"

100 Broadway, New York 5, N. Y.

By the Way—

A specialist says man's teeth and hair are his best friends. But even the best of friends fall out.

Some tailors are urging brighter clothes for men. Some wives are urging brighter men for clothes.

We understand Russia pays salaries to some college students, and there isn't an experienced halfback in the country.

Our foreign relations are apparently all poor relations.

Some one says modern fiction runs too much to love. Well, modern love runs too much to fiction.

No man is a bore who praises the listener.

With the high prices of furs the ladies are going to have to go with their shoulders and necks exposed to the heat all Summer.

Government nowadays is simply some figures followed by nine zeros.

In all trees except the family tree the appearance of sap is a sign of vigor.

Some persons are born failures, some have hard luck, and some try to get something for nothing.

A judge says the law does not prevent a man from criticising his wife. But we notice the judge didn't recommend it.

When the Government decided to make a new Benjamin Franklin half-dollar, it must not have given any thought to what you could buy with so little money.

A man has to have a lot of courage to admit that sometimes he doesn't have it.

A professor says people think better on their feet. We have obviously been sitting down too much lately.

Someday a genius is going to arrange a banquet where the audience talks and the speaker sleeps.

A few years ago a bride faced the prospect of cooking 50,000 meals. Think what a change the little can-opener has made.

Sign on a bankrupt store: "Opened by Mistake."

BANKING

*Here's only
one example
of how*

National Mechanized Accounting

Every bank must handle these 8 accounting jobs: Commercial Ledgers, Loans and Discounts, Mortgages, Trust Accounting, Savings, Payroll, Daily Statement, and General Ledgers. In a matter of seconds, the National Multiple-Duty Accounting Machine changes from any one of these jobs to any other. For its removable form-bars simply lift off and snap on — no screws, catches, or fittings to fuss with.

In a small bank, a single National Multiple-Duty Accounting Machine will be kept busy all day handling all 8. In a larger bank, separate machines may be assigned to handle any one, or more, of these 8 basic functions.

No matter what the size, or the specific need, of your bank, there is a National system designed expressly to serve it. You'll find them all described in the interesting and useful 60-page illustrated booklet shown at the right. Arrange for your copy through your local National representative. Or, write to The National Cash Register Company, Dayton 9, Ohio. Sales and Service Offices in over 400 cities.

*can serve
your bank!*

A NEW, ILLUSTRATED BOOKLET of some 60 pages describes the services of each of the National line. Shows how they can speed work in every department of your bank. Ask your local National representative for a copy of this valuable booklet. You'll find it informative and helpful. Have it ready when accounting problems arise.

National
CASH REGISTERS • ADDING MACHINES
ACCOUNTING MACHINES

THE NATIONAL CASH REGISTER COMPANY

To You
Our Thanks



THE FORT WORTH NATIONAL BANK

ESTABLISHED 1873
FORT WORTH, TEXAS

July 1, 1948

Dear Friends:

Since 1873, our bank has been active in the financial affairs of Fort Worth and the Southwest.

In celebrating our 75th Anniversary, all of us here at The Fort Worth National want you -- and all of our banker friends -- to know that we appreciate the part you have played in the growth and progress of our institution.

On our 75th Anniversary, we pause to pay our respects to our founders whose faith in Fort Worth and the Southwest made possible our bank and its achievements. Their sound bank practices and their desire to do those things beneficial to Fort Worth and the Southwest are a priceless heritage to each of us at The Fort Worth National Bank.

Tomorrow and the future will offer new opportunities for progress. We face the future with faith and confidence. In the days to come it will be our constant endeavor to provide you and our banker friends across the nation with the best of bank services.

You are always welcome at The Fort Worth National Bank.

Sincerely,

R. E. Harding
R. E. Harding
President

REH:JBC

The
FORT WORTH NATIONAL
Bank

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Mr. Cravens giving testimony in Washington recently on the problem about which he writes here

The Tax Millstone on Small Business

Eight Steps Necessary to Correct Basic Inequities and Burdens

KENTON R. CRAVENS

The author, who is vice-president of the Mercantile-Commerce Bank & Trust Company, St. Louis, is chairman of the American Bankers Association's Joint Subcommittee on Taxation of Small Business of the Credit Policy Commission and the Small Business Credit Commission.

THE committees in the American Bankers Association whose activities are chiefly concerned with helping small business have long felt that credit as a factor in the creation and growth of small business has been unduly emphasized. Instead, one of the principal needs today is the removal of some of the tax inequities and burdens which are major deterrents to the attraction of capital and the proper retention of earnings so necessary for the healthy growth and stability of small business. Accordingly, a Joint Subcommittee on Taxation of Small Business of the Credit Policy Commission and the Small Business Credit Commission of the American Bankers Association was created to study the problem and to make appropriate recommendations to the Committee on Federal Legislation.

At the outset it was recognized that the tax situation of any class of taxpayers is but a part of the overall tax picture, and is basically influenced by national and fiscal policies.

The broader phases of the tax problem confronting this country today were not considered, nor were tax reductions, even though such reductions might not necessarily reduce the tax revenue of the Government. Instead, the subcommittee's efforts were centered on certain tax inequities and burdens which, if corrected, would create a more favorable atmosphere for the healthy growth and stability of small business concerns.

Within this scope, eight steps appeared necessary to correct basic inequities and burdens. (One of these has already been corrected.) The eight steps are, somewhat in the order of their importance, as follows: Simplify corporate tax returns; amend Section 102 of the Internal Revenue Code; permit carry-forward of losses for corporations; allow the corporate taxpayer to determine rate of depreciation and obsolescence; extend corporate carry-forward loss provisions and freedom in determining depreciation rate to unincorporated business concerns; smooth out the present tax curve applying to corporations; divide income of married couples; and require the Government to bear expense of unsuccessful tax litigation.

(1) *Simplify Corporate Tax Returns*—Almost 70 percent

of the corporate tax returns filed for the year 1942 covered corporations with net incomes of less than \$10,000, and these represented approximately only 2 percent of the total corporate income reported. It is evident, therefore, that simplification of corporate tax returns is just as important as that now provided for individuals with lower incomes. The recommended simplified alternative form for reporting incomes of corporations with net earnings of \$10,000 or less would result in saving both the Government and the corporation time, money and trouble. Moreover, it would probably result in more and better returns with greater revenue to the Government.

(2) *Amend Section 102 of the Internal Revenue Code*—This section, which imposes a surtax on corporations improperly accumulating surplus for the purpose of permitting stockholders to avoid individual income taxes, is a psychological rather than a technical deterrent. The fear of the application of this surtax (27½ percent on the first \$100,000 and 38½ percent on excess thereof) undoubtedly keeps many small corporations from retaining an adequate share of their earnings, which is the one and almost only way such small companies can build their business and maintain a favorable working capital position. This fear is accentuated by the fact that the burden rests upon the corporation to prove clearly that its retention of earnings did not go beyond its reasonable needs. The inevitable conclusion, therefore, is that this situation should be corrected by amending Section 102 so as to exempt from its provisions each year the first \$25,000 of net earnings of any corporation, large or small, and to place the burden upon the Bureau of Internal Revenue to prove that there has been any unreasonable accumulation of earnings.

(3) *Permit Carry-forward of Losses for Corporations*—The present Internal Revenue Code carry-forward and carry-back provisions have real disadvantages, both from the standpoint of the corporation and of the Government. The books of the corporation are never permanently closed for any given year until the provided time has elapsed, and it could well be that substantial refunds to corporations would come at a time when the revenue of the Government

would be at a low ebb, particularly if the country should suffer a severe recession or depression over a one- or two-year period. The carry-forward plan is far more desirable and equitable, since it permits a corporation to recapture out of future earnings lost capital, and still does not have the disadvantages of the present carry-back and carry-forward provisions. These present provisions should be replaced by a provision to carry forward losses to apply against subsequent earnings for a period of five years.

(4) *Allow the Corporate Taxpayer to Determine Rate of Depreciation and Obsolescence*—Expenditures by business concerns for new plants and equipment provide the means for the efficient operation of the nation's industrial machine. They are one of the most important factors in our economy—if not the most important—and changes in their level are closely reflected in the trend of general business activity. Private industry spent over \$16 billion in 1947 for new plant and equipment and has budgeted almost \$20 billion for 1948. Even in a good equity capital market small business has little or no access to funds through this source, and large business under present market conditions can look only to profits and borrowings as its source of funds.

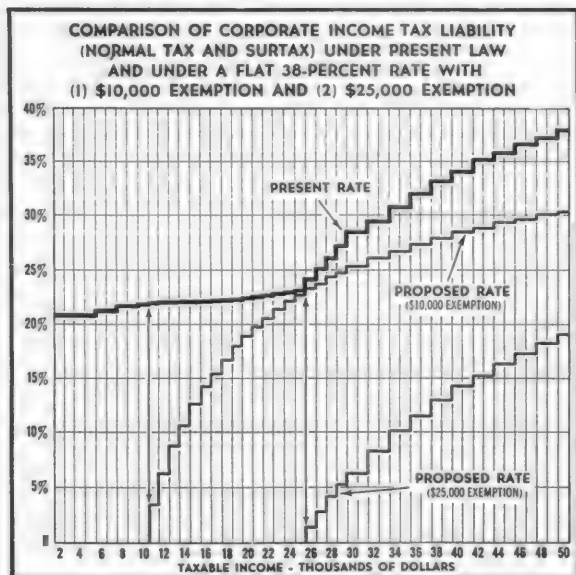
Depreciation for tax purposes must now be spread over the whole useful life of a fixed asset according to a reasonable and consistent plan. Such a procedure is archaic in this fast changing and intensive industrial era. There must be some way to achieve greater flexibility in determining the amount of depreciation. An accelerated depreciation program means the retention in the business of part of the earnings that otherwise might have been disbursed for taxes and, as such, would serve as an incentive for acquiring more modern equipment to keep up with ever-changing trends. It would not in any way avoid the payment of taxes but merely postpone the payment of a portion of the taxes until a later year, for ultimately the fixed asset will be charged off and no further depreciation allowance can be taken to reduce the amount of earnings upon which taxes are imposed.

Future full employment and production to a large extent depend on some reformation with respect to depreciation tax procedure, and the only practical and sensible reformation would be to let the corporate taxpayer, alone, determine the rate of allowable depreciation and obsolescence.

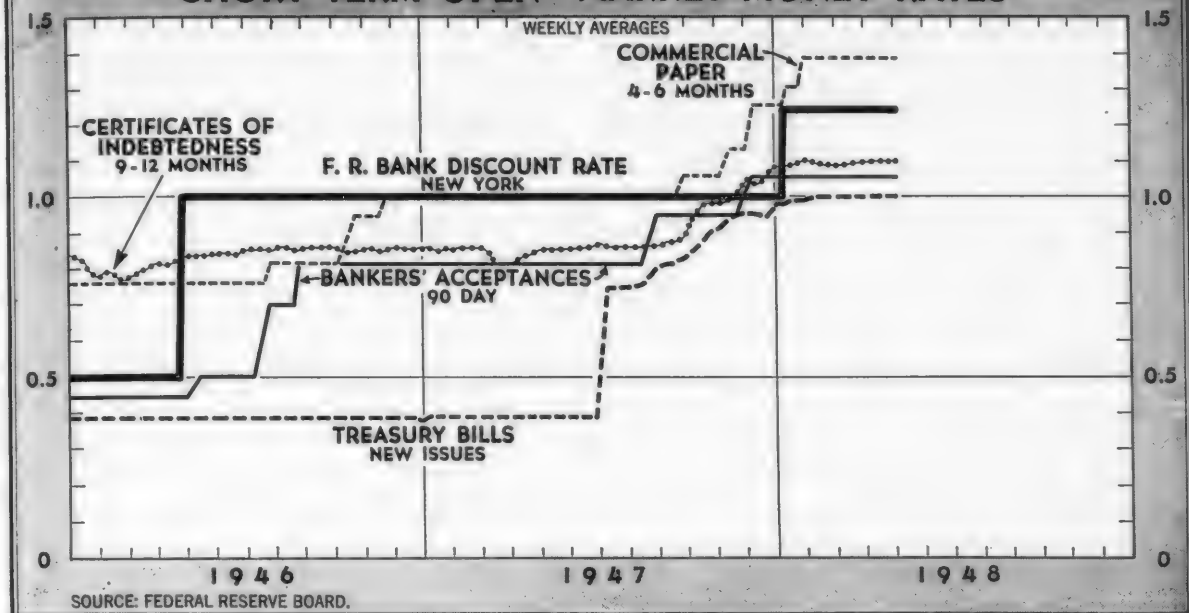
(5) *Extend Corporate Carry-forward Loss Provisions and Freedom in Determining Depreciation Rate to Unincorporated Business Concerns*—Small unincorporated business concerns represent the vast majority of small business and accordingly the same carry-forward of loss provision and the same freedom in determining the rate of allowable depreciation accorded to corporations should also be extended to unincorporated concerns.

(6) *Smooth Out the Present Tax Curve Applying to Corporations*—The present tax structure for corporations provides for a graduated rate on net incomes up to \$25,000 of from 21 to 25 percent, from \$25,000 to \$50,000 a rate of 53 percent, and a fixed rate of 38 percent on entire net incomes in excess of \$50,000. This abrupt jump from 25 to 53 percent may well act as a deterrent from further expansion and result in reckless spendings of calculated earnings in excess of \$25,000. Then, too, it undoubtedly causes the splitting up of existing enterprises in order to take advantage of the lower rates effected by dividing the income between more

(CONTINUED ON PAGE 70)



SHORT TERM OPEN - MARKET MONEY RATES



Money Rates and Bond Market Support

E. SHERMAN ADAMS

This is the first of two articles on problems of credit and debt management that are of vital concern to bankers. In preparing these articles, the author is soliciting the opinions of a distinguished group of bankers and economists associated with commercial banks.

Mr. ADAMS is assistant vice-president, Central Hanover Bank and Trust Company, and a member of the faculty at the New York Chapter, American Institute of Banking. He has written many articles for various publications, including BANKING, and has spoken frequently before meetings of bankers.

Two of the most urgent problems of monetary management today are: (1) How much further, if any, should the Treasury's one-year borrowing rate be increased? (2) What policy should the monetary authorities follow with respect to the long-term government bond market? The decisions reached regarding these questions will closely affect all banks, perhaps for years to come. They may also have important effects upon the course of commodity prices and business activity.

Various ideas have been expounded regarding these problems in recent months by Treasury and Federal Reserve officials and others. Only a few bankers, however, have publicly expressed their views. To ascertain the thinking of banking leaders, the writer has canvassed the opinions of some of the outstanding bankers and bank economists in all sections of the country. The results are summarized on these pages.

The two problems posed above are interrelated. Changes in short-term rates usually affect prices of longer-term securities. The rise in yields of Treasury bills and certificates last year doubtless contributed to the subsequent heavy selling of government bonds by banks. There is a question as to how far and how fast short-term rates could be raised without again bringing heavy pressure on the bond market.

Basic issues of central banking and debt management are also involved. Differences of opinion as to the policies that should be followed often reflect conflicting views with respect to the fundamentals of monetary management: its proper scope and objectives, its potentialities and limitations under postwar conditions and the relative merits of different methods of credit control.

Both questions, therefore, involve long-run as well as short-run considerations. The immediate issue is what can and should be done to curb inflationary tendencies, assuming that these tendencies now predominate or that they may become stronger later on. The longer-range problem is what type of controls should ultimately be exercised over credit in the light of past experience and in view of the conditions with which we are confronted in postwar U. S. A.

Neither problem is by any means a simple one—except to those who cling to the maxims of credit policy contained in the textbooks of a generation or two ago. The textbook formula, of course, is simplicity itself: "When inflation threatens, the cure is to permit interest rates to rise freely and tighten credit." Most bankers and economists who have

(CONTINUED ON PAGE 75)



By BANKING'S Staff and Dick Ericson

BANKING'S versatile bottleneck buster, Howie Duzzit, casts himself in the role of a Head Teller and offers for your solution a few of his problems. To correct your papers this month see your own Head Teller. If he decides you have chosen the most appropriate solution to each situation, BANKING will send you absolutely free.



"Identification? IDENTIFICATION?? Oh, ho, hee, hee hee, you're joking! You remember ME—I was here in 1924, had on that big Coolidge button? Of COURSE you do . . . yatata yatata."

WOULD YOU:

- {1} Place hand firmly on her face and push?
- {2} Squirt your fountain pen at her?
- {3} Explain that bank rules do not permit you to trust your memory?



"Pretty please, put those nickels over here for poor little me? And those quarters, Mr. Duzzit (you're sooo strong!), will you please put them on the floor? My, you ARE strong."

WOULD YOU:

- {1} Do it?
- {2} Offer her a vitamin pill?
- {3} Suggest she practice picking up one coin at a time, then two, etc.?



This fellow usually wants to redeem a note, get his statement or change a nickel for five pennies.

WOULD YOU:

- {1} Reach out and pull his hat over his ears?
- {2} Explain politely that your cage is not equipped to do business and direct him gently to wherever he should go?
- {3} Smack him with the "closed" sign?



"Payroll slip? Nah, all I want is \$310 in 20's, \$215 in 10's, \$126 in 5's, \$75 in 1's, \$10 in halves, \$9 in quarters, \$3 in dimes, \$1.50 in nickels, 20 cents in pennies, that's all."

WOULD YOU:

- {1} Offer him a pad of payroll slips and suggest that hereafter he might save time in line by phoning his payroll in advance?
- {2} Slip him an exploding cigar?
- {3} Yank open his bow tie?



"Well, No. 2 teller is on vacation, Nos. 3 and 6 are out for coffee and the rest are in the powder room. You don't expect ME to stay here all alone, NOW REALLY?"

WOULD YOU:

- {1} Give her a little kiss?
- {2} Ask her why some certain people make eight times as many trips off duty as others?
- {3} Institute and enforce a rule that all tellers must check with the Head Teller before closing their windows for any length of time whatsoever?



Alas and alack—and confusion! Poor Howie is subject to all the conflicting orders issued by this battery of officers and can take refuge in the authority of no one of them.

WOULD YOU:

- {1} Listen politely, then do what you want?
- {2} Cut your throat by going over their heads?
- {3} Obey all the orders and go fruity?



Chorus:

"Mr. Duzzit, I just HAVE to take my vacation the last two weeks in July!"

WOULD YOU:

- {1} Let 'em have it and put all the employees who graduated from tellers' work back in the cages?
- {2} Request your superiors to train a sufficiently large number of relief tellers to handle any emergency and stagger their vacations?
- {3} Start a crap game?



"Mr. Duzzit, should I put . . ." "Ringaling-ring-ring . . ." "Please, teller, hurry, I have to . . ." "Where is the signature card on . . ." "Ringaling-ring-ring . . ." "May I have change for . . ." "Mr. Duzzit, does . . ."

WOULD YOU:

- {1} Do parlor tricks for the people?
- {2} Tell the bank employees to wait—puleeze!—until the customers have been taken care of?
- {3} Quit?

How One Bank-Agent

In New Haven the Banks, Insurance Companies,

JARVIS WOOLVERTON MASON

The author has been in the advertising business for almost 20 years, more than half of it connected with fire insurance advertising. In that capacity 15 years ago he helped pioneer local bank financing of automobile purchases, calling on many banks in the New England area. He is a vice-president and research director of Wilson, Haight & Welch, Inc., New Haven advertising agency.

WHEN the men who run nine banks and 50 insurance agencies reach agreement on a cooperative promotion program, somebody involved had to have a talent for getting things done. In New Haven, Connecticut, there were two such men: G. Harold Welch of the New Haven Bank, NBA, and Joseph T. Marinan of Lewis S. Welch, Inc., a leading insurance agency.

The greatest hurdle in organizing the program was to get into the minds of all the bankers and agents involved the profit possibilities for them in cooperating on local auto financing. Since early in the Thirties the agency fire insurance companies (seeking to replace the unprofitable finance-company business, and to get back into the fold the insurance written by underwriters owned by finance companies) have conducted an almost continuous campaign in an effort to show the banks that this small-loan business is extremely profitable, and that there's a lot of it. Most banks

now agree, but either they don't know how to get the business or won't undertake the promotion measures necessary to bring it in.

In the beginning the insurance agents were not too enthusiastic when they visualized automobile physical damage insurance in terms of \$10 and \$15 premiums. But when all finance companies and banks found collision insurance necessary, and many car buyers wanted to finance the bodily injury and property damage premiums in the same deal, the agents also awoke to the profit potential of locally insured, locally financed automobile time purchases.

Still not much happened except in Chicago, Boston, Providence and a few other cities where individual banks caught on to the facts of life: If you want to compete with a service offered vigorously by others, you have to tell people about your service as completely, as consistently and as insistently as your competition does.

It Takes Selling

People *want* new cars—they always have and probably always will. When the salesman has a customer with his foot on the bumper of that gorgeous new Super-Twelve, it's a simple matter to get the customer to do the easy thing: finance and insure it through the facilities made available by your competition. If the banks and agents are to bring this big business back home, they must do some real selling.

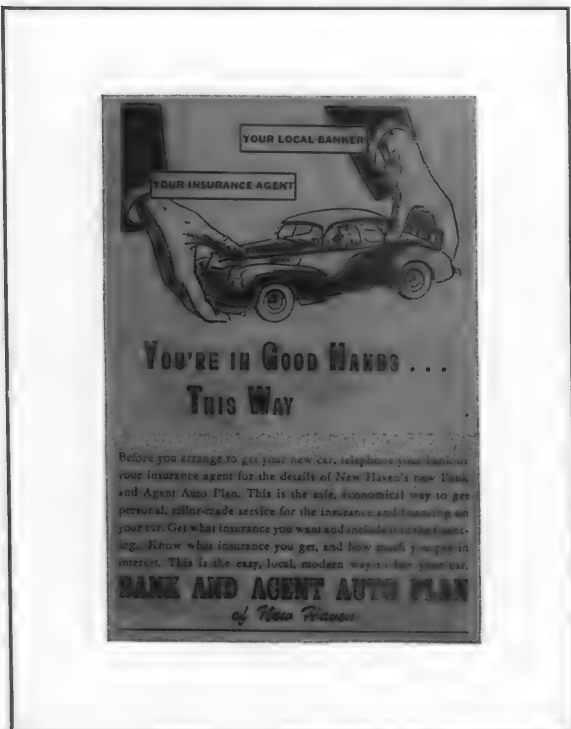
The fact is that bank auto loan rates, though by no means low, are usually less than finance company rates. During the depression the finance-company-owned insurers cut rates 20 percent—and pretty generally got burned. Now most of them are charging the same rates for insurance as the regular agency companies.

A local bank can tailor-make a loan to suit the car buyer. A local insurance agent is always available here and now when fire, thief or collision strikes—and he's badly needed then. Most people who get their insurance through an automobile dealer don't know what insurance they have nor where to turn when a claim arises.

So there are sound and convincing reasons why car buyers should finance and insure locally. One problem that arose in New Haven was the mechanics of applying for the insurance and the loan so that the buyer would get his money with the least possible bother and delay. The banks and agents needed a standard procedure to follow when a prospect inquires, as a result of the advertising, so that something really constructive happens.

The banks didn't want to count on repossession as security for the loans. They prefer to underwrite them just as they would unsecured personal loans. Hence, they want to know a good deal about each applicant to judge him as a loan risk.

Agents, on the other hand, feel that their clients will resent being asked questions like how much money they owe, and to whom, what charge accounts they have, and the amount of their incomes. Bankers want plenty of time to make an investigation. Agents know that the competition gives "one-call service" and feel that a bank and agent auto plan must, too.



Auto Plan Works

Dealers and Buyers Have Found a Helpful Plan

After much discussion the several committees in New Haven agreed that most of the applicants would be personally known to either the bank or the agent, especially since the advertising urges that they pick *their own* agency and bank. This procedure is made possible by the fact that all the commercial and industrial banks and most of the agencies in New Haven are participating in the program. A "preliminary application" was agreed upon which asks only the prospect's home and business addresses, the make, model and year of the new car and the one to be turned in, how long the prospect has held his present position, and the names of his bank and his insurance agency.

If an applicant phones a bank he is asked the name of his insurance agency. If he phones an agent he is asked which bank he prefers. The application may be completed by phone or mailed. If it is received by an agent he passes it on to a bank, keeping a copy for follow-up. If the bank wants additional information from the applicant, it's obtained by telephone. In a few days the bank writes or phones the prospect—preferably the former—that his loan is approved. He is invited to come in to the bank on the way to take delivery of his car to get his cashier's check, bringing with him full identification of the new car.

One Reason Insurance Companies Like It

In those rare instances where the bank does not approve the loan, or cannot get enough information about the prospect, the banker telephones the agent, and they work it out from there. The fact is—and this is a major reason why the insurance companies like the business—that the undesirable insurance risks are weeded out by the bank investigation.

The advertising appropriation, one-third contributed by the agents and two-thirds by the banks for this test campaign which began in May and will continue through October, is \$5,800. This isn't much to influence 70,000 car owners in a market of 350,000 people. The stakes are big; if only one car in five is replaced each year, a good fraction are bought on time, and the average loan is \$1,000, it might be estimated that as much as \$11 million (in initial outstanding balances) will be put out on highly profitable loans each year in this one medium-size city.

The morning, evening and Sunday newspapers are being used about equally. Most of the advertisements are of the reminder type, two columns by six inches. Ten of the insertions tell a more complete story in three columns by ten inches, and three of these will include lists of all participating banks and agents. The plan is sponsoring the 6:05 to 6:15 newscast over New Haven's most popular station three nights a week for the 26 weeks. The names of the participants will be rotated in the commercial announcements.

Statement and notice enclosures are being supplied to all banks—39,500 each month for the nine banks—and four of these are being obtained free from insurance companies. This printed material does not include the name of any insurance company. For the other two months the banks are using, as enclosure pieces, reprints of two of the larger newspaper advertisements. One insurance company is supplying,

free, two easel-back counter display pieces in several colors to each bank. The agents will get display and mail advertising material from the companies they represent.

This advertising reaches at least 50,000 families several times a week. Practically all of them own cars and most of them would like new ones. New Haven's average family income is about \$6,000 annually, so they can afford new cars. Certainly one in ten who have an opportunity to read or hear this advertising will do so each week. Over the six months' period most new car prospects will become conscious of the possibility that they might get something of value from the bank and agent auto plan of New Haven. It seems reasonable that the messages will reach enough of them when they're thinking of buying cars so that they'll telephone banks and agencies in profitable numbers. At that point advertising has done its job and salesmanship must take over.

But telling them just once won't make the idea stick. Banks and agencies must do their part in getting the word out so that the customers of each one will telephone or come in and ask about the plan when the time is right. People who have already done business with the banks or agencies are the best prospects. The key to success lies in getting the message before the prospect at the *right time*: when he's seriously considering buying a car. You can't expect prospects to remember your story from a time of disinterest until the day when they need the service. So the advertising must be continuous, the promotion effort unceasing.

DOUBLE BENEFITS
for Car Buyers



1. YOU GET LOCAL, PERSONAL SERVICE from your own bank, at no greater cost.
2. YOU GET COMPLETE PROTECTION by insuring your car through your own insurance agent.

Doesn't this make a lot of sense: Get your car from an automobile dealer for he knows cars. Get your financing from a banker for he knows about loans. Get your insurance from an agent for he knows insurance.

This way you'll have local, personal service on all three: your car, your financing, your insurance. The loan and the insurance will be tailor made to fit your needs. And when you have a loss you need an agent here in New Haven. Phone your agent or bank today.

BANK AND AGENT AUTO PLAN
of New Haven

A How-To Series on

JOHN B. MACK, JR.

Director, A.B.A. Public Relations Council

BANK public relations has one great need: FACTS! Wherever bankers gather and discuss this subject you hear such questions as: "What is public relations?" "What will it *do* for a bank?" "How do you *plan* it?" "How do you *apply* it?" "What does it *cost*?" And so on.

There are far too many unanswered questions like these in the broad field of bank public relations. This is not true in other areas of banking, such as operations, investments, costs and charges, consumer credit, trust services and many others. These aspects of the banking business are being studied constantly, and new information about them is flowing to banks in a steady stream through the channels of organized banking. But for want of such help and guidance in public relations many banks have overlooked the importance of having planned public relations programs, or have proceeded without the benefit of information they should have had.

A.B.A. Starts New Information Program

As a major step in making such information available, the American Bankers Association now announces the beginning of a continuing program of studies in the field of public relations. Studies will be published in concise, printed form and made available from time to time without a rigid schedule of either subjects or issuance dates. New studies will be made as circumstances and demand from banks indicate the need for particular information. However, there are so many "must" subjects on which facts are widely needed that production of studies at the rate of three or four a year for at least several years is already indicated.

A.B.A. Departments Will Prepare Material

The American Bankers Association is in a favorable position to prepare this series of studies for its more than 15,000 member banks. The Association has access to experiences of its member banks, and also to a great deal of valuable information from non-banking sources. It also has a specialized internal organization that is well geared to the gathering, preparation and distribution of the information.

A number of A.B.A. departments carry on public relations activities. They have a common meeting place in the Association's Public Relations Council. These individual departments, such as the News Bureau, Customer and Personnel Relations Department, the monthly magazine *BANKING*, Public Education Committee, Advertising Department and others, will each have full responsibility for preparing material in its own field. Each study will then be reviewed by staff and banker members of the Public Relations Council, and by authorities on the subject in and out of the banking business. The details of printing and distribution will be handled by the Public Relations Council.

Publications prepared as part of this program will bear the identifying subtitle, "A.B.A. Public Relations Series," and will all be issued in a standard size of approximately six by nine inches. This standardization will enable bankers who wish to gather all of the studies into one binder to do so by the simple expedient of punching holes for the rings.

Planned for Management

These studies are for bank management, primarily. While they will contain much of value to the person who actually creates an advertisement, handles personnel matters or prepares releases for the press, the booklets are intended mainly for those who manage banks. Information presented will deal with principles and methods, and will avoid the detail that would be of particular importance to the practitioner. It is the purpose of this program to give the men who manage banks the **FACTS** about public relations to the end that every bank will adopt an intelligent program of planned public relations.

Number 1—"Planned Public Relations"

The first booklet in this series is completed and will be sent to every bank after the vacation season is over. Its title is "Planned Public Relations. . . . How to Win Friends and Build Business for Your Bank." It is a 24-page booklet with concise wording in very large type, profusely illustrated. As the lead-off study in the new program, it sets the stage by telling what public relations in banking really is, and presenting a blueprint for a sound bank public relations plan.

CHECKLIST FOR YOUR BANK'S

(As given in booklet number one)

SERVICES

YES NO

- Are you sure you provide all needed services? ☐ YES ☐ NO
- Are present services of best possible "quality"? ☐ YES ☐ NO
- Are you certain that the public attitude is favorable toward your interest payments, rates, and charges? ☐ YES ☐ NO
- Do your services compare favorably with those offered by your competitors? ☐ YES ☐ NO

QUARTERS

- Does your bank exterior appeal to people? ☐ YES ☐ NO
- Is the interior cheerful, inviting, up to date? ☐ YES ☐ NO
- Is space adequate: are people served properly? ☐ YES ☐ NO
- Have you considered such things as parking space, rest rooms, public meeting rooms, the comfort of patrons? ☐ YES ☐ NO

PERSONNEL

- Do you have a plan for hiring high-type people? ☐ YES ☐ NO
- Do you induct new people into the staff by plan? ☐ YES ☐ NO
- Do you encourage self-improvement through AIB classes or correspondence courses? ☐ YES ☐ NO
- Have you job analysis, fair wages, merit raises? ☐ YES ☐ NO
- Have you benefits such as insurance, pensions? ☐ YES ☐ NO
- Have you trained your staff in customer relations? ☐ YES ☐ NO
- Do you inform your staff of management policies? ☐ YES ☐ NO
- Are you developing future executives for your bank? ☐ YES ☐ NO
- Does your public relations head have personnel authority? ☐ YES ☐ NO

DIRECTOR-STOCKHOLDER RELATIONS

- Do you keep directors and stockholders informed? ☐ YES ☐ NO
- Do you urge them to use all of your services? ☐ YES ☐ NO
- Do you get them to build new bank business? ☐ YES ☐ NO
- Do you invite them to participate in AIB courses? ☐ YES ☐ NO

Public Relations

In lucid, matter-of-fact style, it strips the mystery from public relations in banking and shows how a practical, realistic approach can lead to better bank business and better profits. While this first publication is a primer and forms the backdrop for other studies in the series, it is also packed with ideas, information and suggestions of great value to any bank. It presents six basic facts about bank public relations that every banker should read again and again. These six basic points are presented here, although you must read the booklet itself to get their full import:

- (1) Good public relations involves *more* than serving well.
- (2) Public relations is *not* just advertising and publicity.
- (3) Planned public relations should include *every* point of contact with *all* the people.
- (4) Bank public relations should flow from top management.
- (5) Bank public relations should be by plan, with central control.
- (6) Public relations is plain common sense.

Each of these basic facts is developed clearly by words and pictures in booklet number one.

PUBLIC RELATIONS PROGRAM

CUSTOMER RELATIONS

YES NO

- Have you a definite program for keeping present customers sold on your bank? ☐ ☐
- Have you a plan for getting present customers to use additional services of your bank? ☐ ☐
- Do you have your officers and staff practice sound principles of human relations in their customer contacts? ☐ ☐
- Are your customers bringing you new customers? ☐ ☐
- Are your customers your best salesmen and boosters? ☐ ☐

COMMUNITY RELATIONS

- Do you take part in community activities? ☐ ☐
- Do your officers talk before schools and other groups? ☐ ☐
- Do you sponsor any community development ideas? ☐ ☐

ADVERTISING

- Is an experienced and informed person in charge? ☐ ☐
- Are all available media studied and considered? ☐ ☐
- Do you have a definite budget? ☐ ☐
- Do you spend enough to do the needed job? ☐ ☐
- Is your advertising alert, aimed to do a specific job? ☐ ☐
- Do you understand and really believe in advertising? ☐ ☐

PUBLICITY

- Do you have close, friendly contact with the press? ☐ ☐
- Do you know where to look for news stories? ☐ ☐
- Do you know how to give the facts to the press? ☐ ☐
- Do you deliberately do things that are newsworthy? ☐ ☐
- Do you build confidence with the newspapers by giving them facts they request? ☐ ☐

No list would be complete for all banks. This list contains basic questions on which you should rate yourself.

"... there must be a body of authoritative literature"

The men who run banks should be as familiar with the principles and methods of public relations as they are with operations and investments.

"Before this better understanding can be attained widely, there must be a body of authoritative literature in the field. One reason why public relations in banking is so little understood and so haphazardly applied is the dearth of factual material that is available for reference and guidance."

From the foreword of No. 1 in the A.B.A. Public Relations Series

Use the Public Relations Checklist

The center spread of this first booklet is a feature of great value to all kinds of banks everywhere. It is a public relations checklist. Under the headings of "quarters," "services," "personnel policies," "customer relations," "community relations," "advertising," and "publicity," it asks a series of "yes" and "no" questions that will enable you to analyze your entire public relations activities, find weak spots and start corrective measures. This checklist, in itself, is destined without doubt to become a valuable contribution to the cause of better public relations in banking. It represents the work of many minds over a period of many months.

Setting Up a Bank Program

The knotty question, "How should we set up our own bank program?" is answered in this initial booklet. In a series of 12 steps there is suggested a simple and practical program that a bank of any size, rural or urban, can put into effect. There is little or no detail about the carrying out of the program proper, as this will be left to individual studies on specific subjects that will follow in this new series.

Future Studies

As this article is being written, the studies on Publicity, and Advertising, which are planned as booklets two and three in the series, are completed and in process of being reviewed and perfected for publication. Preliminary outlining has been done on the subjects of Personnel Relations, Customer Relations, Community Relations. These major subjects will no doubt form the first two years of the series, and will then be followed by other important subjects, such as Bank-School Cooperation, Local Public Opinion Surveys, Use of Films by Banks, Public Speaking by Bankers and selections from a list of other important possibilities now numbering over 30. Suggested subjects for study from banks will be welcomed and in fact are earnestly solicited. Ideas should be sent to the Public Relations Council.

The Material in Use

In any such program as this carried on in organized banking there are three phases: (1) Production, (2) distribution, and (3) application. The production phases of this public relations project are now well organized. Ahead of us lie the vitally important matters of distribution, and then actual use by banks. This subject of public relations cuts across all geographical and organizational lines, and is one of the most important things in banking today. It is something in which



One of the many illustrations

organized banking—state, county, city and national—should cooperate. The A.B.A. invites the cooperation of other banking organizations in getting this material into the right hands, and getting it used. As a national association, the A.B.A. recognizes that it is in a favorable position to produce the material, but also realizes that state and local associations are the ones best situated to handle the follow-through.

By mailings, meetings and personal contacts—in fact by adopting public relations as a major project—other banking associations can assure this program of success.

From the booklet—

PUBLIC RELATIONS IS PLAIN COMMON SENSE

It's high time to eliminate the aura of mysticism that has surrounded public relations. Any banker would feel perfectly competent to deal intelligently with each individual part of a public relations program, such as bank appearance, adequate services, sound personnel policies, constructive customer relations, or effective advertising and publicity. Yet put them all together and label them "Public Relations," and what happens? Far too many bankers dismiss the whole thing as being "for the experts," as though the subject was nuclear fission or something mysterious that required a magic formula. Actually, any competent executive officer can understand and supervise the application of sound principles of public relations to his bank's operations.

Proposed Distribution

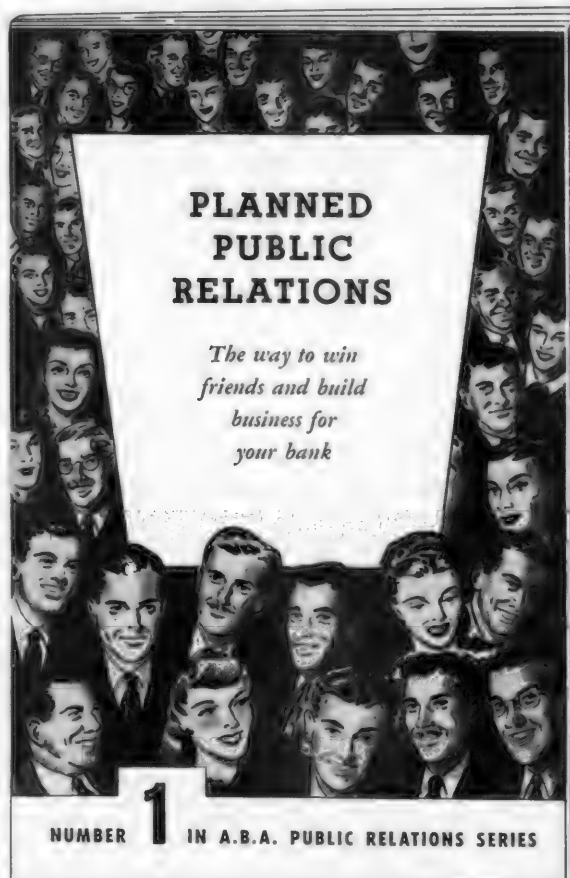
The present plan is to give a copy of booklet one in the series, "Planned Public Relations," free of charge to every bank. It is hoped that after each bank's top executive sees it he will want extra copies for all officers and key personnel. Such extra copies will be made available at a nominal charge, perhaps 85 cents each.

Because of budget limitations, the actual printing of succeeding booklets in the series will have to be put on a self-supporting basis. Staff time, research and other creative efforts will be supplied without charge, but actual production costs must be recaptured in order to finance subsequent issues in the program. Accordingly there will be a charge for each new booklet, which will always be less than \$1.

How To Get on the List

It is now planned to build a list of bankers wishing to receive booklets in this public relations series, after the first free copy. By sending in your name to be put on this list, you will automatically receive a copy of each new study. You will have the privilege of keeping it and paying the nominal cost (always under \$1), or returning it without charge or obligation. To get on this list, drop a line to the Public Relations Council, American Bankers Association, 12 East 36 Street, New York 16, N. Y., stating how many copies of each you will want. An advance, free copy of booklet number one will also be sent to you immediately.

Cover of the first booklet





The Cycle That Began in November 1932

LAWRENCE STAFFORD

WILL 16 years of the "Roosevelt Revolution" come to an end next January 20? On that day a Justice of the Supreme Court will swear in a President to serve for a new four-year term.

Mr. Roosevelt mobilized the great national feeling of emergency occasioned by the bank holiday of March 1933 to clear the way for trip-hammer legislative blows to lay the foundation for the socio-economic-governmental structure he was building.

President Truman, the inheritor of the Roosevelt tradition, still favors wide governmental powers over the nation's credit system.

One "Might"

A change in the Presidency might pave the way for an entirely new era in government-business relationships. A change could even inaugurate such harmony between government and business as has never been known by many persons short of the middle-aged or those approaching middle-age.

Already there are signs that opinions on this matter are shaping up along two utterly divergent lines. There are those who reason simply that since the Administration of the past 16 years has been beholden to organized labor and left wing groups, a different administration conversely would be more sympathetic to business. The political party now in power will not attempt to dissipate this impression. Rather its strategy may be expected to lie in the direction of trying to portray any successor as the "tool" of business, and, preferably, of "big business."

The Pessimists

At the other end of this speculation are those who assert that "nothing can be done" about improving the relationship of government to business. They cite many reasons. They observe that with the Government's spending increased tenfold since the beginning of the "Roosevelt Revolution," any appreciable reduction in the monetary burden of government on business is impracticable. In the course of expanding these expenditures so vastly, the present Administration has provided that millions of voters for the first time in history have a vested interest in the Treasury, its nourishing of large payrolls, the continuation of subsidies, loans, and even the persistence of government regulation, which necessitates keeping the government agencies which provide people with jobs.

Those of the pessimistic slant are likely to notice instances during the 80th Congress when outstanding leaders of the majority party in Congress appeared eager to extend those benefits, to attempt to offer public boons to large blocs of prospective voters. Those instances were not infrequent.

Business Popularity Still Not at Top

Finally, the pessimists about a new era of government-business relationships note, it is said with some accuracy, that a new administration would not come into office primarily because business has come to the top in public sentiment. Despite the magnificent war record of American industry, despite the overwhelming superiority of American business to that of any other economic system in any other land on the globe except, perhaps, of Canada, in providing

the good things of life relatively cheaply, voters will not install a new administration simply because they have turned away from governmentalism. The latter is still far from unpopular and business still remains the prize scapegoat of the Administration—after 16 years.

Rather, the prevailing interpretation among the politically grounded in this capital is that the expected political change will come about because of many factors.

The Strange Alliance

The change, more than anything else, however, is due to the crumbling of the alliance between the left wing of the North and the conservative wing of the South. It is recalled that the more radical adherents of the Administration in the North have been losing their enthusiasm for the Administration gradually. This is a factor at least comparable to the more spectacular "southern revolt" lately so often seen in the newspapers.

This alliance of the left of the North with the conservatives of the South is like some forced chemical synthesis of two antagonistic elements. It is an inherently unstable union. The late President Roosevelt was able to maintain this union intact for many years, by virtue of his masterful political genius and the ever-new programs which had the effect of wooing large voting blocs with varied Treasury benefits. Even under Mr. Roosevelt, however, dissolution began. Under President Truman, it has verged upon completeness.

Thus there is nothing in this accepted diagnosis of the changing political orientation to indicate that there will be anything so fanciful as figurative "counter-revolution" against the governmentalism of the recent past. This change, if it comes, will represent more the climaxing of a gradual swing in public sentiment, and no casting out of bureaucracy

lock, stock and barrel. No enthronelement of business at the top is in sight.

So there is no revolution in public sentiment in sight, no disgusted turning away entirely from governmentalism, no turning to business with unbounded enthusiasm as an alternative, and no crisis or other dramatic turn in sight. This definitely indicates to observers here that there are limits to the amount of good which can be achieved in the rapprochement between government and business. The latter qualification is emphasized. While there is little to indicate a sharp change in a hurry, there is much suggested by observers here to point the way for an important change over a long period, over 1948, 1949, 1950 and 1951—not just in 1948.

How Much Can Expenditures Be Cut?

For the short run, the amount by which the burden of government can be curtailed is restricted by the powerful momentum of long-run commitments rooted in the \$40 billion budget. Some of these commitments are sunk so deep into powerful pressure groups as to make politically impractical any spectacular economies soon. The fear of Russian aggression might even lead at first to greater rather than lesser total expenditures.

Large-scale business tax relief is almost beyond imagination in the immediate future, and the same is true of the prospect for paring down the virtually confiscatory tax rates in the upper brackets of the individual income tax.

One cannot expect the Government in any time now foreseeable to abandon its potentially costly commitment to underwrite a large measure of prosperity for farmers regardless of over-all economic conditions.

Government promotes manifold interferences in the free price system, including interest rates, the price of money. These, likewise, will not be done away with on a large scale soon.

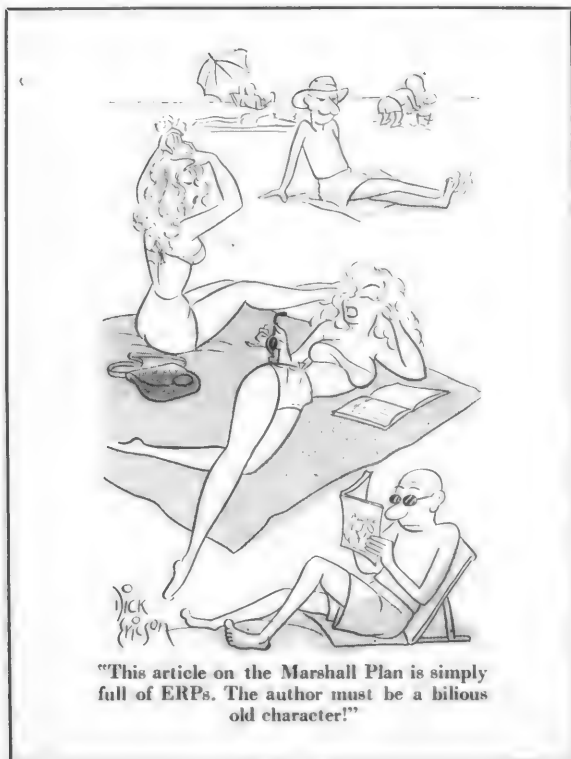
Finally, it probably will be neither desirable nor feasible in the eyes of a new administration, to break the terrific power which the big labor unions hold upon the nation's productive system.

No Miracles, But Hope

Once the expectation of miracles is swept away, however, it is possible to look forward to a fundamental and far-reaching alteration in the governmental climate for business, with the administration which the forecasters are anticipating will be elected. It is noted that certain fundamentals can be suggested regardless of who the standard-bearer might be of the political party seemingly on the way to succeed, for too great store cannot be set in advance upon the background of any particular presidential nominee or party campaign promises.

This expectation of an altering governmental climate for American business is based upon some broad intangibles, and upon such few signs as the spokesmen of the majority party in Congress have been able to offer.

Most important of the intangibles is that the uneasy alliance of the "progressive," "radical," or "leftish" (or whatever one would prefer) elements of the Democratic Party in the North and the conservative Democrats of the South is in the process of shattering. This alliance has existed for so long and has been taken so much for granted, that even the Republicans seem not to have begun to comprehend the different situation they will face if they are successful, for then the alliance would collapse.



"This article on the Marshall Plan is simply full of ERPs. The author must be a bilious old character!"

Thoughts, political planning and attitudes toward legislation have all been predicated upon the existence of that alliance. It was the source of power of the New Deal. Now that source of power seems to be going.

Such was the paradoxical nature of the alliance, that it worked out that the programs of the Administration were pitched almost exclusively at maintaining the support of the labor unions and the more progressive or radical elements of the North. The "Solid South" had become a gigantic "pocket borough." It had been taken completely for granted. The former certainty that the South would not vote against any Democratic President, no matter what he stood for, had relieved the Administration from taking any account of the wishes of the South, except as a matter of grace. Actually the decision to push "civil rights" was so completely pitched to obtain left support even at the expense of the South, that it was one of the factors in the breaking up of this alliance.

The Alliance Was Basic

Existence of this alliance explains the whole direction of legislative proposals of the Administration for years. It formed the basis for the greater part of Mr. Truman's program. It was the belief that the more liberal the Government, the more sure it was to win. So this explains the emphasis upon public housing, the opposition to tax reduction in part for fear it might crimp spending plans, the proposal to cut back prices at any expense to the private enterprise system or the nation's banks.

This alliance has been taken so much for granted also by the Republican opposition that they have assumed by habit a permanency and durability to its gravitational pull. They have, albeit unconsciously, assumed that they had to outspend the Administration, or at least many of the members of that party did. Actually it has been subconsciously forgotten that the alliance of the northern wing of the Democratic Party with the conservative wing of the South, because the South has not figured in the party's councils, has been for many purposes a minority government.

So entrenched is the idea that many of the "liberal" projects of the passing Administration are politically sound and politically formidable, that it will come almost as a surprise and a shock next January to many members even of the possible new Administration and certainly to many of the party following in Congress, if the center of political gravity should shift. Many of the Administration, used to years and years of catering to a minority of voters, will become as surprised when they find this minority has lost power as were the generals of Europe when the seemingly unbeatable Napoleon collapsed before Moscow, or the suffering, news-starved undergrounds of France when they learned that Hitler was being defeated.

So one day there will be comprehension that all legislation does not need to be framed primarily with a view to its appeal to a minority—even if a very large one—of one party in one section of the country—the most populous section. This is a time-fuse on the ideological jail which has imprisoned so much business—government cooperation.

Labor Unions' Alignment

With a change in Presidents, there would be a sharp transformation in the relationship of the vast labor unions to the Administration. A new administration would not owe its existence to the backing of labor leaders. In fact, it would be voted into office in the face of their opposition for the



A crowd of more than 50,000 heard President Truman in the stadium at Berkeley, California (above), when he was on his recent trip to the Pacific Coast. It was in the course of the trip that the country heard some of the most bitter political hard-words that have been spoken in recent months. The sources were the Republican majority in Congress and the Democratic majority on the presidential train

most part—opposition official or covert and channeled through their political action machines.

By contrast, the big unions formed a strategic bastion of the present Administration. They were the core of that vital hold which the Administration held on the big industrial centers of the North. Without that control the Administration never would have been able to effect for so long that aforementioned alliance.

Many of the policies of the present Administration dovetailed, if only by fortuitous coincidence, with the objectives of the big labor unions. Thus, the unions for the past two years or more have been basing their argument for higher wages preponderantly upon the rising cost of living, and the need for offsetting it. The greatest stress laid by the President upon any domestic issue has been on the rising cost of living, and the putative program offered by the White House to arrest it. Since the Congress has rejected the "anti-inflation" program, the effect of the President's proposal has turned out to give moral support to the labor union cause. And moral support has been given in other ways.

It may have been forgotten that the ultimate factor which has precluded any legislation this year to strengthen the laws intended to curb labor unions has been the known opposition of the White House. The President, well aware of the significance of his labor support, would have vetoed such legislation, it was expected. Likewise the veto by the President of the Taft-Hartley Act operated to water down that act, which had to be pre-diluted to run the White House gauntlet and muster the two-thirds majority necessary to override the veto.

No Binge, But Common Sense

This does not suggest that a new administration would go on a binge of anti-union legislation merely because it would liberate the White House from bondage to those unions. Actually the new government leaders would be keenly aware that labor leaders do not boss the voting of their members. If they did, the present Congressional majority would not

(CONTINUED ON PAGE 105)

Footnote to the Capitol Scene

ROBERT G. TAYLOR

The legislative period, just ended in Washington, was extraordinary in the number of subjects of interest to banks. So that BANKING'S readers might have the highlights of the whole picture, we present this brief review and preview by ROBERT G. TAYLOR of the A.B.A. Economist's Office who was a close observer of developments in Washington.

WITH the adjournment of Congress, the nation's lawmakers are substituting the heat of nominating conventions and political campaigns back home for the summer warmth of the Capitol.

Unfinished Business

Many old problems will still confront them. Barring the unforeseeable, it is probable that inflation, wages, the high cost of living, the foreign situation and our troubles with Russia, the housing shortage, and the almost perennial problems of small businessmen and farmers will continue to be major political issues demanding action from Congress.

Proposals affecting bank reserves, and legislation concerning government loans and guarantees for farmers, small businessmen, veterans and homeowners will again be brought before Congress. Other unfinished business of importance to bankers consists of legislation affecting postal savings, bank holding companies, taxes, wage and hour regulation, and, of course, the outlays of money to foreign countries.

Reserve Proposals Were Hotly Debated

The most hotly-debated issue affecting banking during the last session was the constantly-elaborated set of reserve proposals advanced by former Federal Reserve Board Chairman Eccles. Regardless of who their next chief advocate may be, they—or something much like them—will probably reappear next session.

The alarm the reserve proposals engender is not without cause. Were they to become law, they could establish unprecedented control over the expansion of bank credit and investment portfolios—and this means, in general, control of the ability of the banks to do business. Banking might well keep foremost in mind the portents of this type of legislation, because in one form or another, for better or for worse, it will continue to be a prime issue as long as the tremendously expanded deposit structure exists. For all practical purposes, this means until the national debt is considerably below its present quarter of a trillion level, as long as there are problems in the management of that debt, and as long as the inflation threat persists.

It is significant that the hearings held on the proposals were explanatory hearings. Although the Board of Governors of the Federal Reserve actually drafted a bill, it was not formally considered. For this reason, the American Bankers Association withheld testimony throughout the session. Its Committee on Government Borrowing, and its Credit Policy and Small Business Credit Commissions, however, were

RESERVE PROPOSALS

One of the most hotly debated financial issues was the series of reserve proposals advanced by the then chairman of the Federal Reserve Board, Marriner S. Eccles (*left*). Bankers Edward E. Brown and Robert V. Fleming (*shown at right while testifying*) were among the spokesmen for the opposition



HARRIS & EWING PHOTOS
BANKING



HARRIS & EWING PHOTOS

SOME 1948 HISTORY

Political conventions form an interlude in a legislative year that will be remembered for its bitter debates if not its accomplishments. *Above, left*, scene at a 1940 national convention. *Above, right*, Secretary Marshall and Ambassador Douglas as they testified on Marshall Plan legislation, which was one of the outstanding measures passed by Congress

vitality concerned and active about the issue. They followed the exploratory hearings with great care, and they also instituted the Association's program for Voluntary Credit Control by the banks to offset the charge that the problem of credit expansion had become unmanageably inflationary. The success of that program has been more than noteworthy. It has received more laudatory commendation than any other anti-inflation step taken either by private enterprise or the government.

Advisory Council's Viewpoint

The Federal Reserve Board's Advisory Council was not slow to make it known that it differed sharply with the Board's proposal for special reserves. It voiced its unanimous opposition before Congress, with its president, Edward E. Brown of Chicago, and others of its members, including

Robert V. Fleming of Washington, one of its vice-presidents, as its spokesman. Mr. Brown is a member of the American Bankers Association's Committee on Government Borrowing, and Mr. Fleming is chairman of that committee. The Advisory Council's statement struck hard.

It pointed out that the plan is impractical because it must be applied to thousands of individual banks which have varying credit and investment policies and positions. It stressed that the proposal would substitute the edicts of a board in Washington for the judgments of the boards of directors of the 15,000 banks throughout the country, and that the Federal Reserve System and the Treasury already possess large powers of unused control over credit—notably the authority to raise the rediscount rate and to conduct deflationary open market operations.

(CONTINUED ON PAGE 108)

NEW YORK AND LOUISVILLE VIEWPOINTS

Left, Allan Sproul gives his views on reserve proposals. *Right*, Earl R. Muir testifies on small business credit



WIDE WORLD



HARRIS & EWING

World Business



CHARLES PHELPS CUSHING

Programs Over the Planet

HERBERT BRATTER

WASHINGTON

THERE would be a lot more business transacted in the world, especially in Europe, if countries had more confidence in each other's currency. On the one hand there is the dollar, compared with which most other currencies are "soft"—that is, not readily convertible into gold or goods; and on the other hand, among the soft currencies, there are wide variations in flaccidity. Thus, among the Western European monies, the Belgian franc is relatively a "hard" currency, as illustrated by the fact that Holland in May borrowed 300,000,000 thereof from the World Fund.

The virtual stalemates which have developed in various bilateral trade and exchange relationships in Europe are behind all the discussions there of a plan for multilateral clearing, with American help, of course. The term multilateral clearing recalls to mind Professor Keynes' "clearing union," before that suggestion was modified at Bretton Woods. The World Fund which grew out of that conference is indeed a clearing union, but it feels that it cannot handle all the exchange deficiencies that exist. The problem now posed in Europe it would prefer to have handled in some way in connection with the ECA program. Since a special Congressional appropriation for European monetary relief is out of the question, reliance is placed in ECA "offshore" purchases in Europe, to help stimulate intra-European trade. For example, dollars spent in Belgium to buy something Italy needs and later re-spent by Belgium in the U. S. will have a double effect on trade. The Fund is in close touch with ECA and hopes to play a prominent role in the ECA currency program as it evolves, short of exhausting the Fund's own dollars.

At this writing we are in the midst of the storm raised by the cut in ECA appropriations. The argument rages between those who say that it will be calamitous to "go back on our

word" and convert a reconstruction program into one of relief only, and on the other hand those who answer: If we are going to ignore the appropriations committees, we may as well dispense with them.

On Capitol Hill it is whispered that after Mr. Hoffman took over at ECA he had some studies made and found that the "estimates" on which the ERP program had passed the Congress were at best "guesstimates," if not actually padded, as some news reports from Europe last year advised; that the ECA and Appropriations Committee staffs made new estimates; and that Mr. Hoffman and Representative Taber who lunched together in the capital a few days before the House voted the cut really saw eye to eye so far as the new figures are concerned. At any rate, many Congressmen thought so when they supported Representative Taber's committee and approved the cut in the appropriation. Any restoration of the cut will be on other than statistical grounds.

By the way, after the Taber-Hoffman lunch it was discovered that neither gentleman had with him enough money to pay the restaurant check, so Mr. Taber signed for it.

ECA Loans Procedure

I asked William McChesney Martin, the Export-Import Bank's chieftan, whether it is true that in the matter of loans to ECA countries under the recovery program the "Ex-Im" Bank is set down for a rubber-stamp role, but Mr. Martin doesn't expect it to work out just that way. It is true that the ECA has full responsibility under the law to decide which countries get loans, how much, and for what purposes. But in practice the Ex-Im Bank will have much to say before a loan is granted by ECA. Incidentally, ECA doesn't plan to wait until the European countries come in and ask for a loan.

Mr. Hoffman will take the initiative in each such case, telling the countries when to apply for loans.

Once ECA decides that a given project is a matter for an ECA loan, rather than gift, ECA will advise Ex-Im, which will set its staff to work, studying the matter just like any regular Ex-Im Bank loan; and ECA will send someone over to work with that particular working panel at the Bank. But note that the ECA decision in the first place is not reached until NAC approves and that Mr. Martin is a member of the NAC. So the Ex-Im Bank is in on the problem from the very beginning.

After the panel has made its report to Ex-Im's board and the latter has agreed with the recommendations, Ex-Im will ask someone like Wayne Taylor of ECA's top staff to come over and informally discuss the program. If there is then no agreement, the case is referred to Mr. Hoffman, who has the power to overrule the Ex-Im Bank.

Not Necessarily So

Although in the ECA legislation the Congress specified that at least \$1 billion of the money should be set aside for loans, the \$1 billion is not a sure thing for the 16 ECA countries across the Atlantic. The loans would be supposed to be within the capacity of the borrower to repay. ECA may not find in that category enough countries to use up the \$1 billion. Or the Ex-Im Bank may come to the conclusion that in some case or cases where there is already outstanding a debt to it, more credit should not be extended—and NAC, of which Mr. Hoffman is now a member, might agree. Another point: some of the ECA countries probably won't take loans under the program. Portugal, Ireland, Iceland and Denmark may be in this category. Certainly all the ERP countries which look to Washington for help are concentrating on grants to the extent that they can get them.

Mr. Martin expressed pleasure with the working relationships being established with ECA. How the contemplated loan procedure will develop must await actual experience. The pattern is not hard and fast, he stated.

Mr. Hoffman has said that the terms of ECA loans will generally conform to those of Ex-Im Bank loans. The latter

In the British zone of Berlin, a German examines newsstand copies of the State Department's magazine about the USA, "Amerika," which is printed in Russian. No pictures were available of Germans in the Russian sector doing the same thing



July 1948

WIDE WORLD



HARRIS & EWING

The Administration's desires as to Marshall Plan money were more kindly received in the Senate than in the House. Here, left to right, Senators O'Mahoney and Bridges talk to Secretary Marshall and ECA Administrator Hoffman

nowadays, however, are concentrated in the medium-term field. In any given case ECA must decide how important it is to its program that a particular loan be long- or short-term. For instance, a long-term hydroelectric project might be referred by ECA to the World Bank. Development of potash mines, for instance, would more likely be referred to Ex-Im, if holding promise of shorter run recovery.

What If There's a Conflict?

Various details of policy have still to be decided by the NAC. An interesting one is: What happens if a country which owes both on ECA and pre-ECA loans cannot meet its debt service in full? To which account would the Ex-Im credit payments be made? One solution would be to give the earlier loan precedence. Another would be to treat all the debts of such country to the Bank *pari passu*. While these policies have to be decided before ECA money is lent by Ex-Im, when all is said and done the question may turn out to be academic. When we are dealing with long-term loans to far-off lands, there is no assurance of repayment in full.

For instance, in an address at Detroit the loan director of the World Bank, W. A. B. Liff of Great Britain, adverted to "the regrettable propensity on the part of humanity to indulge in the convulsion of a World War about once in every generation." And Sir John Boyd Orr of the FAO: "The whole human race is rumbling on to destruction. . . . The nations . . . are insane . . . spending one-third of their national incomes preparing for the next war."

Moratorium for Foreigners' Debts?

Buried in the 1,600 pages of House Appropriations Committee hearings on ECA is talk of a moratorium on foreign debts to the U. S. Congressman Taber's committee thought this would be a wise policy at this juncture, rather than our making these huge loans and gifts so as to make possible European servicing of old obligations. Secretary of the Treasury John Snyder completely disagreed with the committee in this as well as other matters. He wants to keep the borrowers in the habit of paying their obligations to us,

(CONTINUED ON PAGE 113)



Trust Company of Georgia Chairman John A. Sibley (left) presents the Robert Strickland Agricultural Award to George M. Bazemore, executive vice-president, First National Bank of Waycross, Georgia

News for Country Bankers

Merchandising . . . Bank Operations . . . Legislation . . . Research . . . Better Farming

This selection of news was compiled by MARY B. LEACH of BANKING's editorial staff.

Waycross Bank Wins Strickland Award

THE Robert Strickland Agricultural Memorial Award for Distinguished Service to Agriculture in Georgia during 1947 was presented to the First National Bank of Waycross at the annual meeting of the Georgia Bankers Association last month.

The Waycross bank received a large bronze plaque, depicting the dawn of a new era of agricultural progress in Georgia, and the opportunity to select a student in its area who is a member of a 4-H Club, of the Future Farmers of America, or of Future Homemakers of America to receive a \$1,000 scholarship to any college of agriculture in the university system of Georgia.

The plaque and scholarship were presented on behalf of the Trust Company of Georgia by John A. Sibley, chairman of the board, to George M. Bazemore, executive vice-president of the Waycross bank. This award, including the scholarship, will be presented each year in memory of the late Robert Strickland, who, while serving as president of the Trust Company of Georgia, was a leader in the agricultural and industrial development of the state.

"This bank has made a study of the farm problem and

has established a separate farm loan department," said Mr. Sibley in summarizing the activity of the First National Bank which led an impartial committee of educators to honor it with the Strickland award. "Agricultural credit has been made available for livestock, forestry, and permanent pastures. Money has been furnished for boys and girls to purchase and feed steers and loans have been made to carry out soil conservation practices which followed an approved farm program.

"This bank has cooperated with the Georgia Agricultural Extension Service, Soil Conservation Service, Production Marketing Administration, and all other agencies which have conducted an educational program for soil and crop improvement.

"This bank has sponsored the second annual tobacco clinic to protect tobacco from disease and young pests, and this clinic has played an important part in assuring adequate supply of healthy tobacco plants against the ravages of the blue mold. The bank has cooperated in the development of farm marketing and processing plants utilizing the natural resources and products of the area. The bank has employed two farm loan specialists who are able successfully to judge credits based upon the character and integrity of the farmer and the nature of his farm program. This bank accepts the proposition that it is the trustee of the economic progress of the community and in meeting that trust has added to the

prosperity of the community and to the wealth of the bank.

"During the four-year period in which this program has been in effect the bank has increased its farm loans 220 percent and the losses have been less than one-tenth of 1 percent."

A. B. A. Opposes Bankhead-Jones Amendments

CONSIDERABLE concern was felt in American Bankers Association circles over the action of the Senate Committee on Agriculture and Forestry in approving H. R. 6114. In amending the provisions of Title I of the Bankhead-Jones Farm Tenant Act relating to insurance of farm mortgages, this bill would increase the interest rate from $2\frac{1}{2}$ to 3 percent and provide a five-year "take-out" that would permit a holder of a 90 percent insured loan under the Bankhead-Jones act to transfer his loan to the Secretary of Agriculture and get his money back.

Although labeled by the committee as an "insurance" loan, actually the bill provides only one-half of 1 percent for insurance to be paid by the borrower. This seems entirely inadequate since the Land Bank Commissioner sustained a loss of 1.22 percent per annum on 75 percent loans made between 1933 and January 30, 1946. Also, the Federal Land banks, which make 65 percent loans, state that they need a margin of $1\frac{1}{2}$ percent to cover losses and operating expenses.

In approving H. R. 6114 the Senate Committee on Agriculture and Forestry disregarded testimony given at hearings last month by Robert N. Downie, president of the Fidelity State Bank, Garden City, Kansas, and a member of the Subcommittee on Agricultural Credit of the Committee on Federal Legislation of the A. B. A.

"This program provides in effect for an investment in a government guaranteed obligation," Mr. Downie told the committee. "Under the existing law such obligation has a maturity of 40 years and bears $2\frac{1}{2}$ percent. Under H. R. 6114 such obligation would be made redeemable at the option of the holder after five years and would bear interest at a rate of 3 percent, thus converting the obligation into a short-term one at a higher interest rate. Clearly it is a misnomer to call this program an insurance program when the government agency services and collects the loan and redeems the obligation whether or not the loan is in default and all the investor does is to supply the funds initially with which to make the loan.

"It is our opinion that this device which seeks to use private funds for a social objective establishes a dangerous precedent. . . . If social lending in the agricultural field is to be a permanent governmental policy, it should be directly financed and operated by the Government so that it may be recognized for what it is."

Mr. Downie said the A. B. A. believes that H. R. 6114 would have an inflationary influence on farm land prices and that while its provisions would make the loans more attractive to a number of banks and other borrowers, the A. B. A. opposes government guarantees on the ground that they are in reality subsidies which favor certain groups of borrowers.

He also said he felt that Congress should consider the so-called insurance program with a view to its repeal, but that if it "deems that it should be continued, it should be placed on a self-sustaining basis by increasing the insurance charge sufficiently to meet all losses and costs of handling these loans."

FRED BLACK

Candidate For

YOUR GOOD WILL

President Barry County Bank

CASSVILLE, MO.

This business card of J. F. Black, president, Barry County Bank, Cassville, Missouri, is a door-opener and goodwill builder

Unique Card Builds Goodwill

J. F. BLACK, president of the Barry County Bank, Cassville, Missouri, has a spark of the politician in him; however, instead of kissing babies as he and Mrs. Black motor over the area served by the Barry County Bank, he passes out the unique business card reproduced above.

"The cards are rather convenient as I may meet some people whom I do not know. In these cases I hand them cards, and they serve as nice introductions," writes Mr. Black. "I find that every visit is really a goodwill builder, for the rural folk appreciate our coming. We have had enough invitations to visit people to take a year to make the rounds."

A batch of check books, deposit slips, blotters and neatly folded loan forms tucked away in Mr. Black's inner pocket frequently come in handy. On their trips the Blacks inspect cattle, crops, machinery, buildings, etc., and "quite often get deposits, payments on notes, and make arrangements for loans." While on location they "can see what is offered as security."

The Blacks stop at country stores, where Mr. Black chats with the men while Mrs. Black visits with the ladies. Even in cases where the storekeeper is not a bank customer he is presented with a pad of counter checks, which are usually appreciated.

Investment Policies Study

IN recognition of the importance of investment policies to the successful operation of all banks—especially small ones—the Bond Portfolio Committee of the Country Bank Operations Commission of the American Bankers Association has invited banks with total assets of less than \$10 million to participate in a study of investment policies. Although questionnaires and forms were mailed only to banks with assets of \$10 million or under, other banks may participate in this survey by dropping a line to the Committee, which is headed by Daniel H. Erdman, president, Quakertown (Pennsylvania) Trust Company.

Banks were requested by the Erdman Committee to furnish investment information shown on their June 30 call report. On the basis of the data supplied, participating banks will be given individual reports which will make it possible for them to compare their investment policies with those of other banks both locally and nationally.

A similar study, limited to governments, was made in 1946, in which 4,545 banks took part. The current study has

(CONTINUED ON PAGE 116)

How a Cottonsick Area Got Well

HAROLD SEVERSON

MR. SEVERSON writes on agricultural subjects and is a tireless traveller in quest of interesting material.

CREDIT a tiny but voracious destroyer with starting an important segment of North Mississippi on the road to enduring prosperity. Cotton growers know him as the boll weevil. He hit the area around Tupelo in 1916 and left a trail of blighted cotton fields, impoverished farmers, distraught bankers and hard-pressed merchants in his wake. Yet, like the fabled phoenix arising from its own ashes, Tupelo has built a prosperous and diversified farm economy out of that wreckage.

"We had a cottonsick community," declares S. Jim High who was president of the Peoples Bank and Trust Company until his retirement several years ago.

"When the boll weevil ruined us back in '16, it convinced us we were through gambling with a one-crop system. Bankers found their note cases crammed with notes which cotton growers could not pay. We knew that our farmers needed another source of income—something more dependable than cotton. So we called in experts who crusaded for safe and sound farming in the Cotton Belt, and asked for their advice. They told us to diversify—to raise cows, chickens, and pigs along with our cotton."

Visit Tupelo today and it's very apparent that Mr. High and his fellow-bankers followed the experts' advice. Cotton is still the principal cash crop around Tupelo but it's supplemented with dairying, sweet potatoes, berries, broilers, and forestry. That banker-initiated campaign for more livestock has increased bank deposits five-fold in the last eight years, made Tupelo the largest Jersey cattle market in the world, and enabled Lee County to win the American Jersey Cattle Club Achievement Cup two years in a row.

Bankers Take Lead

Most of the credit for this amazing transformation goes to Tupelo bankers and to hard-driving, far-sighted George McLean, editor and publisher of the *Tupelo Daily Journal*. Mr. McLean came to Tupelo in 1934 from Memphis to augment and strengthen a campaign for community progress first started by Banker High in World War I days. Working with bankers and other progressive citizens of Tupelo, Mr. McLean has launched one of the South's most promising and aggressive rural development programs.

Mr. McLean felt Tupelo area farmers should get the utmost cooperation from Tupelo business people. Not content with talking and writing about his beliefs, he followed through by direct action. In 1935, for example, he went to the University of Wisconsin to learn more about dairying from experts. For weeks he interviewed dairymen, college experts, creamery superintendents, and bankers to learn how Wisconsin had become a dominant dairying state. Then he returned to Tupelo and began asking editorially for a stronger livestock program. Specifically he wanted a three-year development program underwritten by merchants.

"Okeh," the Chamber of Commerce told him. "You head up the committee—and raise the money."



Some of those who have had a part in diversifying agriculture in the Tupelo area, left to right, Editor McLean; Banker McCain; former Banker High; and Banker Nanney

In a short time his committee, which included Rex Reed, industrialist and now chairman of the Citizen State Bank, and Allison Bell, raised a \$6,000 annual budget. Mr. Reed put up \$50 a month and persuaded others to pledge monthly sums ranging from \$6.25 to \$50 for a three-year period. The committee hired Gale Carr, a former Missouri farmer, to serve as its livestock expert. Mr. Carr had made a national reputation by developing the Shelby County (Tennessee) Penal Farm. He was the man who enabled Tupelo and Lee County to win the American Jersey Cattle Club achievement cup for two years in a row. George V. Sample now holds this post and is active in developing a sustained dairying program.

Convincing Salesmen

Selling cotton farmers on the merits of dairying proved to be no easy task. In addition to hiring the field man, the banks became convincing salesmen for diversified farming. Jim High, for example, had his cashier, V. J. ("Josh") Whitesides, and other employees distribute leaflets and pamphlets at farm meetings.

More and more farmers succumbed to the arguments advanced by Mr. High, Mr. Whitesides, J. P. Nanney, president of the Bank of Tupelo, and the city's mayor, and others. In 1926 the Carnation Company established a condensery at Tupelo to give the dairy program a lift. The big plant convinced cotton growers that dairying had come to Tupelo to stay. They listened to the bankers' field man with increasing respect and followed his recommendations on pasture improvement, feeding practices, and breeding.

Meantime, Josh Whitesides and Mayor Nanney began promoting chickens as a cash crop for the poor land farmers in the so-called "Tater Hills" section of Tupelo. They couldn't profitably raise cotton or corn because of the worn-out condition of their farms but it was ideal for poultry.

"Some of the experts shook their heads over our program,"

(CONTINUED ON PAGE 54)

FIELD WAREHOUSING

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How a Cottonsick Area Got Well

(CONTINUED FROM PAGE 52)

recalls Mr. Whitesides, who succeeded Mr. High as president of The Peoples Bank and Trust Company. "We went ahead, however, and hired the former head of the poultry department at Mississippi A & M College to contact farmers. He worked on a three-day-a-week basis, using a car we bought especially for him to get around the country."

A few chickens and eggs had been produced in a desultory sort of way until the two bankers got busy. "We figured the first thing to do was to produce a lot of chickens and eggs," said Mr. Whitesides. "It was our feeling that a market would quickly develop once we had the chickens."

First Locker Plant

That proved to be the case. In 1939 Raymond G. Purnell, who had come to Tupelo as superintendent of the Carnation plant, established Mississippi's first locker plant. It had 200 lockers at that time; now it has 800. But Mr. Purnell, with the backing of the Citizens State Bank and Bank of Tupelo expanded it into a poultry dressing, freezing, and distribution plant. This furnished an excellent market for broilers. More and more small farmers, notably in the sandy hills section, began contracting with Mr. Purnell to produce chickens. They get advice from Mr. Purnell's two field men on the right kind of shelter, feed, and care. The chicken business now brings farmers in this area around \$1,500,000 annually.

All three Tupelo banks have a hand in the poultry business. Mr. Purnell furnishes the chicks and feed to the farmers and takes their note. In turn he sells the notes to the bank.

H. L. McCain, president of the Citizens State Bank of Tupelo, is a firm advocate of cultivating fewer acres and doing a better job on them.

"I've noticed that dairy farmers who raise their own feed seldom borrow money," he commented. "If they don't raise feed, they ought to quit farming because no enduring and profitable dairy business can be built on a purchased feed basis."

The three Tupelo banks also cooperate strongly on the 4-H and FFA programs in the county.

"We've never lost a cent on loans to 4-H boys and girls," said Mayor Nanney of the Bank of Tupelo. "Furthermore, the percentage of fatalities on cows and calves advanced as security for loans has been remarkably low. Perhaps that's due to the outstanding stock being brought into this section."

Promotion Budgets

The Peoples Bank and Trust Company devotes 10 percent of its budget to promotional work, according to Josh Whitesides. One of its activities is the annual 4-H corn show which it holds each Fall in the bank lobby. This bank spends more than \$1,000 on hybrid seed corn, which it distributes free to 4-H members enrolled in corn projects. Prizes are awarded to the boys raising the highest yields on one- and five-acre plots. When asked, "Does it pay your bank to do all this promotion?" Mr. Whitesides answered, "If it didn't benefit us, we wouldn't be doing it."

The Citizens State Bank spends \$500 on a similar project for boys engaged in raising cotton, while the Bank of Tupelo and four local hatcheries sponsor a poultry project as a joint undertaking. In addition, the Bank of Tupelo sets aside

\$250 for a sweet potato growing and marketing undertaking.

So spectacular is the work of the various Tupelo banks that the Federal Reserve Bank of St. Louis recently dispatched an economist down there to study the setup. And Dr. John Black, professor of economics at Harvard University, wrote to Mr. Whitesides for details on his bank's agricultural credit plan.

Better Farm Management

Recently Editor McLean decided more stress should be placed upon farm management. He contends this is a neglected phase of the work being done by various agricultural agencies. So he had a comprehensive survey made of the Tupelo area. After months of research, the report recommended continued stress on dairying and cotton production. In addition, it advocated intensive farming—growing of fruits and vegetables and the production of broilers and hatching eggs. Since a large number of the factory workers employed in Tupelo live on nearby farms, the report also approved part-time farming. A majority of the merchants, manufacturers, and bankers are solidly behind the plan.

Having gone this far, Mr. McLean set up a seven-county rural development council to put the plan into operation and direct its progress. He feels the farmers and their families must supply their own community leadership.

To stimulate interest in the adoption of better farm management practices, a rural community contest was set up, open alike to white and colored in the Tupelo area. The contest scoring is divided into two parts. The first gives credits for improvements made by the community as an organized group, while the second gives credits to the individual farm family for work on their own farm to improve farm production, the home, etc. Credits under this second part count on the final community score. Prizes totaling \$1,250 are being offered, with a \$500 first prize to the best rural community.

The close cooperation between town and country has helped to make Tupelo outstanding. And should you ask local bankers the "why" of the generous support they give farm development programs, they will tell you that \$1 in new wealth produced on farms turns over about five times before it leaves the community. In other words, every time a Tupelo area farmer receives a \$10 bill for his cotton, milk or broilers, it means that five local merchants will eventually get it.

Banker Whitesides, County Agent W. J. Purnell, and Assistant County Agent Ed Boggan with a 4-H display of hybrid corn exhibited in the Peoples Bank and Trust Company lobby



BANKING

Balanced Banking, Farming and Living

DON EVANS

The author, who is news editor of the Weekly Kansas City Star, Kansas City, Missouri, tells of the work of one country banker, E. J. Evens of Amsterdam, Missouri, in building a prosperous community.

THERE'S an interesting story behind the rehabilitation work being done on Bates County farmland. It dates back to the troubled and chaotic history of England's relations with the Irish. Beginning with King Henry VIII in the 16th Century, a policy of taking land away from the Irish and giving it to English colonists was in force under English kings. For instance, in the English Revolution of 1688, the Irish Protestants supported William of Orange while the Catholics of Ireland rallied to the side of James II. Victorious in the Battle of the Boyne, William repaid the Protestants by getting the English Parliament to divide a million acres of land in Ireland among the Protestants. The impoverished Irish struck back again and again but always were suppressed. In 1879 the Land League, an Irish organization, became a powerful weapon aimed at the rack-renters, as the landlords were known. Its object was the reduction of the rents of small farmers and tenant laborers. It was met by truculent and stubborn opposition by the landlords. Agrarian crimes followed, and the Land League was abolished.

It was not until the Wyndam Act of 1903 was passed by Parliament that most of the claims insisted on by the Land League were granted. The Irish Land Purchase system, designed to do away with landlords in Ireland, was inaugurated. It made it possible for peasants to borrow money and thus obtain full title to their farms.

One of the landlords who found himself without any Irish holdings was Sir William Scully. He promptly reinvested his funds in American farmland, buying property in Illinois, Nebraska, Kansas, and Missouri. His heirs still own land in every state except Missouri in addition to acreage in Louisiana and Pennsylvania.

All of the land which Lord Scully purchased in Missouri was located in Bates County. It amounted to 41,884 acres divided



Highway marker on the edge of town. Evens home is in background

into farms all over the county. The Scully heirs retained title to this land for almost a half-century until 1941 when they sold it to the Missouri Defense Relocation Corporation, a holding company set up by the U. S. Army through the Farm Security Administration to provide homes for farmers displaced when Camp Crowder was established in southwest Missouri.

The displaced farmers, however, had no desire for the washed-out lands in Bates County. They soon found their way back to the Camp Crowder section and the land remained idle. It was finally sold after the war ended in 238 chunks to 214 buyers at prices ranging from \$20 to \$25 an acre. And even at that a good many thought the property wasn't worth half that sum.

E. J. EVENS is cashier of the Citizens Bank of Amsterdam, Missouri, the only financial institution in the village of 172 people, 60 miles south of Kansas City. The bank serves the northwest part of Bates County, Missouri, and Linn and Miami counties across the state line in Kansas. Mr. Evens does little of his banking in its quarters in the narrow brick building on Main Street—the town's only street. He is a firm believer in the axiom that prosperous customers make a prosperous bank.

Eight years ago he began seeing the need for soil conservation practices in his area. At that time the greatest shortage was in technical aid. So he began reading all of the literature he could find on the subject. He learned how to walk over a farm and determine the basic needs of a conservation program, which in this section means chiefly a water management program for the control of soil erosion.

The Citizens Bank is situated in the third building from the railroad track on the left side of Amsterdam's Main Street

Banker Evens surveying a newly seeded waterway for J. M. Jackson, who financed his conservation with a 4 percent bank loan





4-H Leader Evens with members Shirley Evens, his daughter, Robert L. Mangold, and Marjorie Erickson, club president

Then he purchased surveying instruments for use in laying out terraces, sodded waterways and farm ponds. He was ready to begin helping his farmer customers.

When a farmer decides he wants to start a soil conservation program on his farm he comes to Banker Evens for advice and help. After walking over the farm with the farmer, Mr. Evens lays out a program including a cropping plan for all the fields. Then he takes his surveying instruments and, with the farmer as a rodman, lays out the terrace and waterway lines for the fields.

Then the farmer is ready to put the plan into operation. If he needs financing, Mr. Evens will lend him the money at 4 percent interest; the normal rate charged by his bank is 6 percent.

But Mr. Evens is not through with his service to this farm customer. He will visit the farm to supervise the construction of the terraces and other soil saving structures. This is especially true if the farmer, inexperienced in the work, elects to do it himself.

The financial aid Mr. Evens gives includes funds to purchase lime and fertilizer for treating the land. But the 4 percent interest rate will not be available if lime and fertilizer are to be applied to slopes that are unprotected against erosion. In fact the farmer may have trouble getting such financing at 6 percent if these conditions are not met.

You can't get Mr. Evens to say he is giving anything away when he finances soil conservation work at 4 percent. He insists there is no charity in his action. He points out that his loan rates are governed by the risk involved, and he believes the farmer who is improving his soil is a good risk. He offers figures compiled by the Missouri College of Agri-



Frank Fritts, soil conservation contractor, piloting a tractor and terracing machine which were financed by the Citizens Bank

culture that show that terracing of land increases its productivity by an average of \$7 an acre a year.

This banker follows closely the Missouri balanced farming plan promoted by the State College in Cooperation with the Missouri Bankers Association and other business groups.

When Mr. Evens began his soil conservation work there were no soil conservation contractors in the area and all the work had to be done by the farmers. To get this work going, he interested two men in the community in doing the work as contractors and then financed them in the purchase of the necessary machinery. What's more, he helped train them in soil conservation practices. Last Spring, with the cooperation of the county agent, he held a school for soil conservation contractors, at which Marion Clark, extension engineer from the State College, gave instruction to the contractors.

To date Mr. Evens has laid out balanced farming plans on more than 75 farms in the area. He keeps a map of every farm on which a balanced farming plan is in operation.

Seldom a day passes without two or three farmers dropping into the bank to discuss balanced farming. They may not find the banker in, but Mrs. Evens, who spends her spare time in the bank, and one regular employee act as liaison officers in the balanced farming campaign.

Mr. Evens lives on a 63-acre farm at the edge of town, on which he has constructed a complete water management system, including waterways, terraces and ponds. The care of a herd of beef cows and the tilling of 25 acres of cropland all is done by this banker-farmer.

For the last 18 years Mr. Evens has served as leader of the Amsterdam 4-H Club and as leader of the soil conserva-

(CONTINUED ON PAGE 125)

Mrs. Evens is shown processing a 4 percent erosion project loan for Laverne Neil, Adrian, Mo., farm customer of Citizens Bank



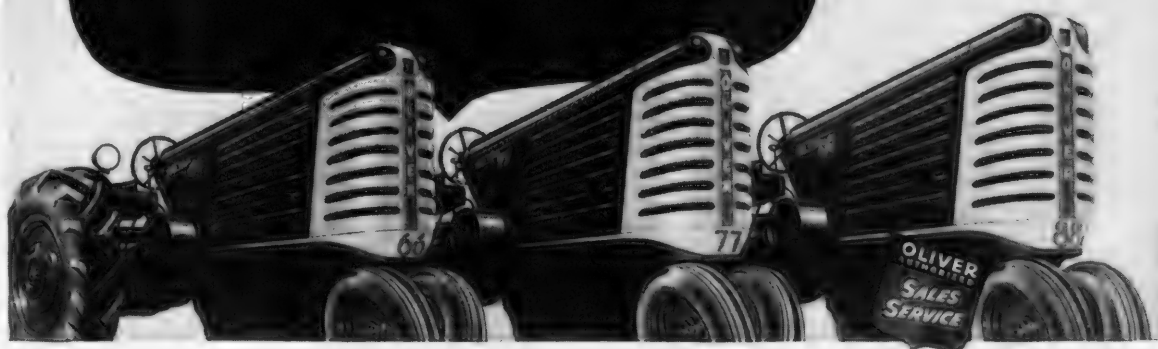
Jess Gregory was able to go into Grade A milk production after building a new milking barn and silo with a Citizens Bank loan



OLIVER

BEGINS

Its Second Century



with a New Fleet of Quality Tractors

Commemorating the beginning of its Second Century of service to American agriculture, The Oliver Corporation presents a new fleet of farm tractors with advanced features of practical value to those engaged in the business of farming with power.



The OLIVER Corporation 400 W. Madison St., Chicago 6, Ill.

OLIVER

"FINEST IN FARM MACHINERY"



Consumer Credit Digest

Facing Facts on Consumer Credit

A. ANTON FRIEDRICH

The author, a regular contributor to BANKING, is professor of economics at New York University and a member of The Graduate School of Banking faculty. He is also co-author of several books on economics, and contributor on economic subjects to the Encyclopedia of Social Sciences.

IN recent weeks a number of leading monetary authorities have asserted that "the expiration of controls (has) led to a renewal of (consumer credit) expansion until, at the end of 1947, the amount outstanding reached a new peak of \$13,379 million." This is a perfectly logical statement. Assuming that Regulation W did materially restrict consumer credit, it would seem to follow that, once controls were removed, consumer credit would expand more rapidly. But does this conform to the facts? Do the facts and figures show that there has been a marked acceleration of consumer credit since the expiration of Regulation W on October 31, 1947? Let us see.

It is true that since Regulation W total consumer credit has expanded and, with each increase over a previous high, has set new records. But it should be emphasized that record setting has been characteristic of consumer credit since December of 1946 when the total outstanding reached and passed the previous high of 1941, when Regulation W was in force. Setting new peaks has, therefore, not been a peculiar feature of the period following the expiration of Regulation W. Rather it has been a characteristic of the postwar period, with or without Regulation W. It is probable, in fact quite certain that, had the controls remained in effect, new highs would have been and would continue to be reached with each passing month.

And this is not difficult to understand. Monetary totals are at record highs in all branches of the economy. National income is running at heights undreamed of as recently as

No Wild Spree . . .

THE impression left by newspaper headlines and articles and by public statements of government officials is that since the expiration of Regulation W consumers are on a wild spree of borrowing. According to the press, the Secretary of the Treasury is gravely concerned about the inflationary possibilities of recent consumer credit expansion. American consumers, he is reported to have said in an interview, are now borrowing \$4 billion more than in 1941 for the purchase of durable goods. If this is so, it is a matter of grave importance also to bankers.

To determine the facts I have asked Professor Friedrich, who has contributed frequently to BANKING on consumer credit topics, to analyze consumer credit behavior during the period that Regulation W was in force and since its expiration. As will be discovered on reading "Facing the Facts on Consumer Credit" the facts and the public impressions are at opposite poles. The fact of the matter is that since Regulation W consumers have been adding to their debts at a somewhat slower rate than before. Also they do *not* owe \$4 billion more in instalment sales credit than in 1941. As of April 30, 1948, the facts are that they owed \$6 hundred million less than in the prewar peak year.—LEHMAN PLUMMER, chairman, Committee on Consumer Credit, American Bankers Association, and vice-president, Central National Bank and Trust Company, Des Moines, Iowa.

three or four years ago; wage disbursements, dollar volume of sales, prices, profits, export surpluses, peacetime foreign lending, all are at record totals. Consumer credit has also exceeded prewar levels in monetary totals. In terms of the national income, however, the new higher totals are still below the prewar ratios.

If the expiration of control is the accelerating factor, this
(CONTINUED ON PAGE 89)

Consumer Credit News

New A.B.A. Credit Manual

PUBLICATION of a new manual illustrating the basic forms used in an instalment credit department in conjunction with an easy-to-read, step-by-step explanation of the various departmental operations has been announced by Lehman Plummer, chairman of the Consumer Credit Committee of the American Bankers Association. This manual, "Streamlining Your Instalment Credit Department," is available to member banks upon request.

The manual is broken down into three main divisions. Part one is devoted to data needed in organizing a consumer instalment lending department, including information on the duties of departmental personnel and a rebate schedule for instalment lending charges. Part two contains a complete explanation of accounting procedures adapted from recommendations of banks which have had successful experience in the consumer instalment field. The third section covers a complete explanation of collection techniques.

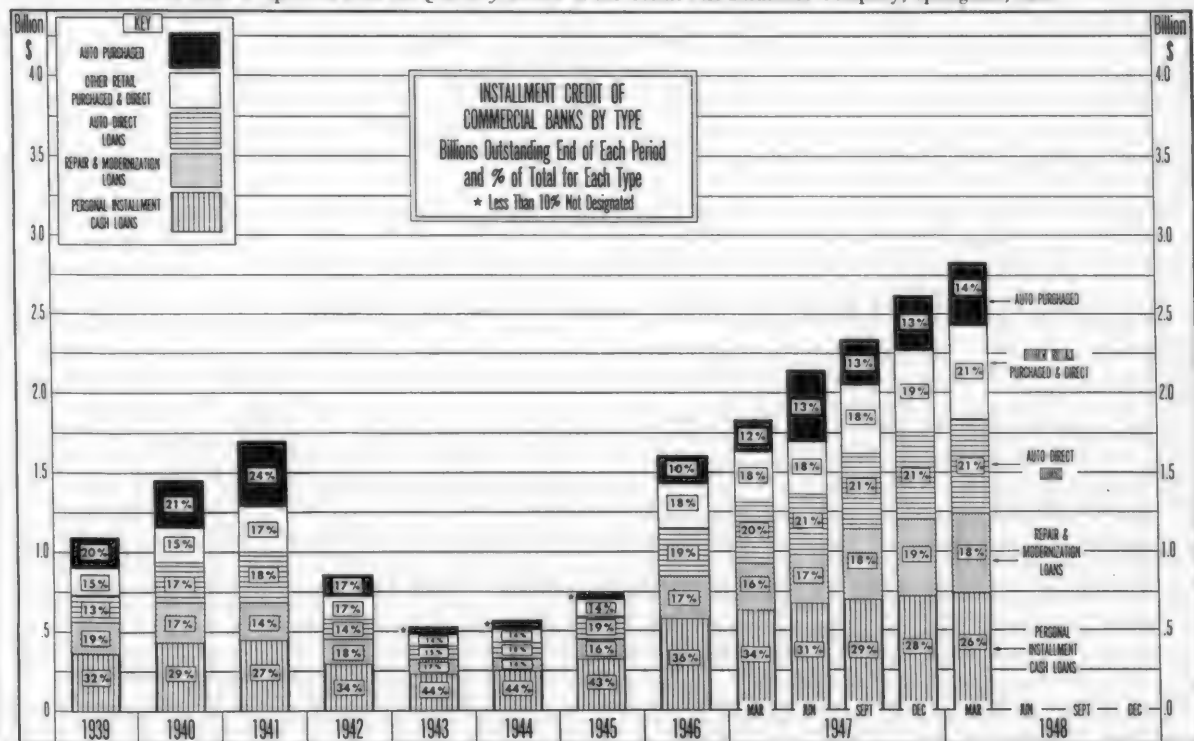
"In order for a bank to enjoy a satisfactory experience in consumer and instalment credit and to serve properly its community," said Mr. Plummer, "it is imperative that the directors, executive officers and employees have a real understanding and grasp of the basic principles involved. If a bank is willing to assume the responsibilities implied by its decision to enter this field, it must, through its employees and officers, feel and radiate a sincere desire to serve the reasonable credit requirements of its community.

"This manual will guide banks in carrying on safe and (CONTINUED ON PAGE 121)



Cover page of the new A.B.A. instalment credit manual

This table is reprinted from the *Quarterly Review of the Credit Life Insurance Company, Springfield, Ohio*





How Veterans Got Houses In Baton Rouge

WHEN a survey in Baton Rouge, Louisiana, indicated that in East Baton Rouge Parish approximately 4,000 of 12,000 veterans living there desired to build homes but could not meet prevailing market prices, something was promptly done about it. The American Legion Housing Corporation was set up early in 1946 to meet the need which the survey had revealed. It came about this way.

The mayor's veterans' emergency housing committee proposed to Nicholson Post No. 38 of the American Legion that low-cost homes be provided through the use of a tract of land then belonging to the Federal Government, and that a corporation be organized for the sponsorship of the project. A committee of Legionnaires was appointed consisting of Richard C. Cadwallader (chairman), an attorney; Lowell M. Roseman, a realtor, and Jack P. F. Gremillion, an attorney. All three were veterans of World War II and Mr. Cadwallader was then national vice-commander of the American Legion and chairman of its national housing committee.

This committee of three then organized the American Legion Housing Corporation under the laws of Louisiana, and the total stock of the corporation was acquired by the Legion post. The original committee became members of the board of directors, along with 12 others. Four Baton Rouge banks are now represented on the board by Hermann

Moyse, vice-president and trust officer, City National Bank; Hubert Brennan, vice-president, Louisiana National Bank; Ed H. Sutter, vice-president and trust officer, Fidelity National Bank, and Robert Didier, cashier, American Bank & Trust Company.

Although not a cooperative housing project, the corporation operates somewhat as if it were, in that it acts strictly as a service to the veterans who acquire the homes. Such an organization can effect economies in many ways—site development, mass purchases, administration and so on. Any funds remaining in the treasury of the corporation after the houses are completed, sold and all costs are paid, will be prorated and applied against each of the 250 mortgages.

With the cooperation of Louisiana senators and members of the House, the corporation purchased a tract of 160 acres five miles north of the city. The site had been acquired originally by the Government for the erection of defense plant housing.

At the same time, plans were formulated for financing the property and constructing 250 houses for GI's on a non-profit basis. The National Home Mortgage Corporation of Baton Rouge handled the financing, and the National Life and Accident Corporation of Nashville, Tenn., agreed to purchase the permanent mortgages on all the houses.

(CONTINUED ON PAGE 62)

Scenes in "Legion Village." Curved streets and careful landscaping typify the project





SERVICE!

The Todd seal on its checkwriting and check signing equipment is more than an identifying label. It is an insignia of *service...expert, trustworthy, fair-priced service* at all times.

Todd service on all types of checkwriters is quickly available—every machine is serviced by a specially trained Todd man operating out of our own offices. Loan machines are yours without charge, so there's no tedious waiting and consequent loss in business efficiency. When a service charge is necessary, Todd rates are moderate and standardized.

If your checkwriter imprint is weak, uneven, or does not fully shred your checks, call Todd. We're listed in every principal telephone classified directory—look under "Check Protection" for dependable care of your checkwriting equipment.



The FHA agreed to a guaranty of 90 percent of the construction cost of the project.

Planning of the area, which is characterized by wide, curving streets, attractive landscaping and ample lawns, was facilitated by the location and topography of the site selected for the project. It is located along the Bayou Monte Sano, is well drained and has many first-growth trees of oak, gum and beech draped with Spanish moss. No heavy traffic arteries pass through the area, yet it is located within walking distance of four major industrial plants. It is adjacent to the Scenic Highway and another principal traffic route, and bus service has been provided.

All the usual municipal services have, of course, been provided. In addition, plans call for a complete community shopping center, with parking space, filling station, grocery store, drug store, barber and beauty shops, theater and other facilities. Buildings for businesses will be designed to resemble residential property, so as to fit into the general architectural scheme.

The early Spring of this year found the building job completed and 250 veterans and their families living in new homes.

The table below gives some data on costs and charges involved, which, it can readily be seen, leave the purchaser better off than if he were paying rent on a house of similar size.

"Whatever success this project (or any similar project) achieves," says a statement of the American Legion post sponsoring the village, "will be due entirely to the magnificent cooperation of every person and organization in contact with it. Business and professional men, builders, bankers, FHA personnel, real estate men, labor, manufacturers and individuals, both in and out of the Legion, have enthusiastically cooperated, and the Legionnaires directly responsible for the execution have worked long hours and held many, many meetings to bring about the present favorable conditions. . . . Here is a case study of what every local community which feels it has a responsibility to provide adequate housing for its veterans can do through cooperative action. . . . With this feeling as the guiding spirit, any veterans' project is virtually assured of success from start to finish."

	HOUSE 1	HOUSE 4	HOUSE 6	HOUSE 8
		<i>(See explanation of house types below)</i>		
Minimum selling price	\$ 7,000.00	\$ 7,340.00	\$ 7,670.00	\$ 8,560.00
Amount of prospective gift*	700.00	740.00	770.00	860.00
Closing cost	220.00	233.00	239.00	261.00
Amount of mortgage	6,300.00	6,600.00	6,900.00	7,700.00
Amount of down payment	None	None	None	None
Cash required for transaction	220.00	233.00	239.00	261.00
Total interest cost	3,674.79	3,848.43	4,024.26	4,489.48
Total mortgage insurance cost	459.44	480.96	502.61	561.52
Total cost of veteran principal and interest	10,654.23	11,162.39	11,665.87	13,012.00
Monthly loan payment	35.79	37.50	39.20	43.76
Monthly hazard insurance payment	4.41	4.62	4.83	5.39
Monthly real estate taxes†	None	None	None	None
Total monthly payment	40.20	42.12	44.03	49.15
Monthly income required to qualify	201.00	211.00	221.00	246.00

† The absence of real estate taxes is due to the fact that by the provisions of Louisiana law every home owner is given \$2,000 homestead exemption, and, in addition, each veteran is given a \$5,000 exemption for his homestead for a period of five years. Assessments in East Baton Rouge Parish, Louisiana are 60 percent of estimated actual value.

House No. 1—Two Bed Room Unit,	679 S.F.,	Single Pine Floor,	Gas Outlets for Space Heaters
House No. 4—“ “ “ “	831 “ ,	“ “ “ “	“ “ “ “
House No. 6—“ “ “ “	“ “ ,	Oak Floor With Subfloor,	Gas Floor Furnace
House No. 8—Three “ “	926 “	Oak Floor With Subfloor,	2 Gas Floor Furnaces

BANKING

Design for a Small Bank Is Beaux-Arts Subject for Prize

A DESIGN for a small bank was the subject of a Beaux-Arts competition for students of architecture scheduled late in June. The judging took place on June 26 at the Chicago Undergraduate Division of the University of Illinois, situated on the Navy Pier in Chicago.

More than 500 drawings were submitted by students of architectural schools throughout the country. These 500 represented the winners of local competitions.

Conditions of the problem were that the bank was for a town of 60,000. The property was level and located on the southwest corner of the town's main street, running north and south. The lot was 50 feet wide along the main street and 120 feet along the side street. The customers' area was to be arranged so that the public would enter through a vestibule from the main street. There were to be eight tellers' spaces, six feet on center.

There were further conditions regarding space for six officers and two stenographers, president's office, conference rooms, safe deposit vaults, a room for mechanical equipment, bookkeeping space, etc.

As part of the program it was planned to invite bankers from the area around Chicago to preview the winning en-

tries. The Illinois Bankers Association officially endorsed the program and urged members to see the exhibit. Invitations were sent to Groups I, II and III of the association, comprising about 350 bankers in a radius of 80 miles or so out of Chicago.

Invitations also went to certain Illinois University alumni connected with the banking business.



Right, Prof. H. B. McEldowney, head of the Department of Architecture, University of Illinois. Below, the Navy Pier in Chicago, where the judging took place





Visitors viewing some of the new houses pictured at the Home Buyers' Exhibition of The Dime Savings Bank of Brooklyn

A Bank's Library of New Homes

It was Monday morning in Brooklyn. The Dodgers had just lost eight straight games, and when an outlander from Manhattan emerged from the DeKalb Avenue subway station he half expected to find the good burghers of New York's baseball borough so dispirited that business would be at a standstill.

Far from it. Traffic was as usual (bad), the sidewalk crowd plodded on with customary intentness of purpose, and at the corner of De Kalb and Fulton Street the Dime Savings Bank, behind its stately columns, seemed just as busy as it had been last Summer when the Dodgers won the National League pennant.

As a matter of fact, the Dime was probably busier. It had just opened a home buyers' exhibition; and everybody who knows anything about the plight of house seekers will agree that's a crowd-gathering event.

Following the lobby signs to the Dime's second floor, **BANKING's** reporter realized that even so calamitous a Monday morning hadn't kept home-hungry Brooklynites from taking a look at the show.

STEPPING from the elevators into a spacious, well lighted room, home buyers, home builders, home planners, home seekers and home owners are greeted by a large sign telling them that here, under one roof, they'll find all they need to facilitate the selection and financing of that dream house. In cooperation with 75 members of the Long Island Home Builders Institute the bank has made available to its visitors a cross section of the dwellings that are being built in a wide selection of suburban communities. Each builder displays, on eye-level panels, photographs of new homes, with specifications, costs and other data. The prices start at \$9,000 and run well into five figures—say \$75,000, or how much do you want to spend?

As the visitor wanders through this "Library of New

Homes" he can leisurely study an unusual variety of houses. Front views, side views, landscaping detail, architects' drawings, and floor plans are spread before him as on the pages of gigantic books.

With the aid of an attractive pamphlet he learns that in cooperation with the Dime, the builder members of the institute have selected from their current developments several hundred houses designed to fit every taste.

"Because of the institute's large membership, and position in the field of home building," says the booklet, "this Library of Homes can furnish you with a broad overview of new architectural design, adaptation of new materials and principles to home building, location, costs and other features.

"If you'd like to plan for a basement or garage laundry . . . a house that flows out into terraces for gracious summer living . . . a home that can grow with your family . . . you will find in this library how other families and their architects have worked out these problems.

"Concerned about schools, churches, transportation, shopping, recreational facilities and price range? You can find the builder's name on the exhibit panel that interests you and obtain detailed information.

"Through this tour without travel, this Library of Homes, you can discover all you need to know in order to plan for your new home, all without the time, trouble and sales pressure involved in making trips."

The bank displays prominently the information that the exhibit is presented as a public service to home seekers and that it "should not in any way be construed as an attempt by the bank to sell houses."

"Naturally," it continues, "the selection of a home is a responsibility that can only be assumed by the purchaser himself. The Dime will gladly assist you in every way to soundly finance the home of your choice."



At the exhibition opening, *l. to r.*: New York State FHA Director T. G. Grace; VA Chief Appraiser Isadore Levy; Dime's president, George C. Johnson; FHA District Director Harold M. Clay; President Kalman Klein of the Long Island Home Builders Institute



Reading material available at the "library" includes hundreds of leaflets and pamphlets (available on the racks *above*) describing the latest in materials, appliances and equipment. The catalogue will be changed from time to time to keep pace with new products

Scattered among the panels that comprise the library are booths exhibiting materials and equipment: roofing, paneling, a streamlined kitchen, bathroom, home furnishings. There are also racks where the visitor finds hundreds of booklets and folders offering information and ideas on appliances and building equipment.

Generous space has been reserved for comfortable chairs and tables where the bank's guests can read current magazines that cater to the interests of the home builder, furnisher and planner. On the Monday morning of BANKING's visit, for example, a middle-aged woman was poring over a picture page of draperies; a young housewife was studying an article on rugs; a man sought some pointers from an architectural magazine. Two or three other people were reading the booklets they had just taken from the nearby rack.

Last but not least, the Dime tells the complete story of home financing. In fact, the first panel the visitor sees suggests that he start saving now toward the down payment—and tells him how. Other placards give detailed breakdowns of approximate carrying charges under a variety of circumstances; a booklet explains "Six Ways to Borrow Mortgage Money"; and there's an information desk where a member

of the staff is glad to discuss bank financing of the new house.

This is the Dime's second venture on behalf of home buyers. President George C. Johnson recalls the first one in a foreword to the exhibition guide.

"During the war," he says, "when a new home was just a dream of the future, The Dime Savings Bank of Brooklyn held its first home buyers exhibition. More than 90,000 visitors proved that it filled a real need for centralized information on homes and their financing.

"It was such a success, that now, in cooperation with 75 leading local builders, members of the Long Island Home Builders Institute, and with several hundred manufacturers and dealers, we are doing it again. There will be new displays featuring modern homes that are being built in this area, and new exhibits of the latest scientific materials and home equipment."

No limit has been set on the duration of this window-shopping opportunity for home buyers. The previous show attracted visitors at the rate of about 30,000 a year, and this one is making a good start toward that mark—and toward the further strengthening of a bank's friendly relations with a large metropolitan community.

JOHN L. COOLEY

This is the lounge space at the exhibition where visitors find magazines of interest to home owners. In the background is the bank's own booth which provides information on home financing



77 Dream Houses

SEVENTY-seven "Dream Houses," patterned after the beautiful home in the new RKO-Selznick motion picture, "Mr. Blandings Builds His Dream House," are being built in 77 different cities across the country. The program is sponsored primarily by the General Electric Company.

A prominent local builder, department store, and 25 major national manufacturers are cooperating in the construction of each house. In most communities, houses will be open to the public coincident with the showing of the movie.

Each house is all-electric. Every appliance is in the house, plus a Dream Kitchen-Laundry, air conditioning, radio and television.

Banks are included along with retailers, newspaper, radio, builders, utilities and clubs—everyone interested in homes, home building and home furnishing—in a program of local and national promotion.

The sponsors of the project suggest several aspects of local promotion which should be interesting to banks, including literature on financing the house and the exhibit of a scale model of the house in the bank lobby. The sponsors also instruct its agents to get in touch in each city with the bank which finances the builder or contractor.

National manufacturers cooperating in the Blandings' Dream House promotion include General Electric Company, American Radiator and Standard Sanitary Corporation, Yale & Towne, Sherwin Williams, International Silver, Congoleum-Nairn, International Nickel Corporation, Cannon Mills, Revere Copper & Brass, Inc., Lightolier Company, Paragon Art & Linen Co., Inc., Plastron, Inc., Columbia Mills, Cortley Curtain Corporation, Mebbs Educational Building Block Company, National Association of Insurance Agents, Del Monte Coffee, Aetna Steel Products Corporation, Consider H. Willett, Inc., and Sure-Fit Products.

Cities selected thus far as locations for "Dream Houses" are: Phoenix, Arizona; Fort Smith and Little Rock, Arkansas; Bakersfield, Fresno, Oakland, Sacramento, San Diego and San Francisco, California; Bridgeport and Hartford, Connecticut; Washington, D. C.; Atlanta, Georgia; Chicago, Illinois; Indianapolis, South Bend and Terre Haute, Indiana; Des Moines, Iowa; Louisville, Kentucky; Baltimore, Maryland; Boston, Springfield and Worcester, Massachusetts; Detroit and Grand Rapids, Michigan; St. Paul, Minnesota; Kansas City and St. Louis, Missouri; Omaha, Nebraska; Tenaflly, New Jersey; Albuquerque, New Mexico; Albany, Buffalo, Rochester, Syracuse, Tarrytown and Utica, New York; Greensboro and Rocky Mount, North Carolina; Cleveland, Columbus and Toledo, Ohio; Oklahoma City and Tulsa, Oklahoma; Portland, Oregon; Philadelphia and Pittsburgh, Pennsylvania; Providence, Rhode Island; Chattanooga, Knoxville, Memphis and Nashville, Tennessee; Amarillo, Austin, Dallas, Fort Worth and Houston, Texas; Salt Lake City, Utah; and Spokane.

Another Series Begins in Hartford

Various other new housing projects are under way to demonstrate high standards of quality with better values for
(CONTINUED ON PAGE 112)



Myrna Loy donned her most winsome smile while posing with Cary Grant and Melvyn Douglas, who co-starred with her in "Mr. Blandings Builds His Dream House." The trio are shown with floor plans and a miniature of the "Dream House"

The General Electric Corporation house, *below*, follows the Blandings "Dream House" design



The "ideal" house being built by the Westinghouse Electric Corporation in Hartford, Connecticut



"*Thermopane* picture windows add salability"

—says Robert P. Gerholz, of Gerholz Community Homes, Inc., well-known builders and developers in Flint, Michigan.



Mr. Gerholz says: "I think so much of *Thermopane* that I'm going to put it 100% in our own office building now under construction."



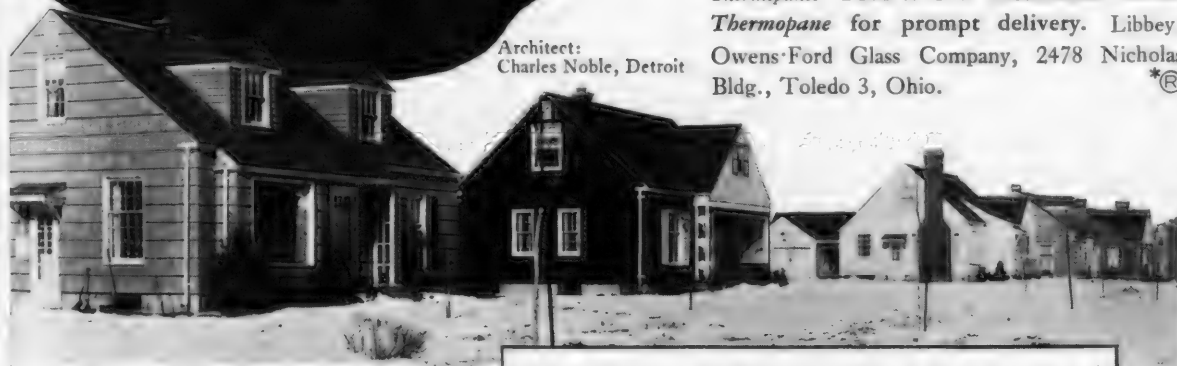
Picture Windows insulated with *Thermopane** add value that is quickly appreciated by the home-buying public. The Gerholz organization's experience has proved that.

And so this nationally-recognized building concern is making *Thermopane* an important sales feature in a new development of 230 homes priced from \$10,000 to \$14,000.

Picture Windows make rooms seem larger by inviting in the spaciousness of the outdoors. And when home buyers are told that windows are *Thermopane* they know that a house has been built for comfort and heating economy.

Thermopane, the windowpane that insulates, is double glass hermetically sealed into a single unit. *Thermopane* is made in more than 60 standard sizes, as well as non-standard sizes, enabling you to add this extra value throughout the house at minimum cost. Before you make new plans, get the facts on *Thermopane*. Your L·O·F Distributor stocks *Thermopane* for prompt delivery. Libbey-Owens-Ford Glass Company, 2478 Nicholas Bldg., Toledo 3, Ohio. *®

Architect:
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ALL



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DEPOSITORS.

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when bank records are
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IF YOU want to provide new protection for your bank . . . for officers, employees, depositors . . . you ought to look into Recordak microfilming.

With it, you protect executives by providing a photographically accurate and complete record of every check cashed or deposited . . . of all checks and statements sent to depositors. A record that cannot be tampered with or altered without detection.

With Recordak microfilming, you can provide your employees with a kind of protection they can't get any other way—photographic proof to substantiate their handling of all items . . . to give indisputable evidence of integrity.

With it, you protect your depositors, too. Should a cancelled check be lost or destroyed, you can quickly provide a photographic facsimile. And depositors have the assurance that their transactions are properly recorded . . . an assurance that means a great deal in terms of customer satisfaction and goodwill.

Important protection, this, and you get it as a by-product of the Recordak Transit System and the Recordak System of Single Posting. To look into these in detail, write for "IN BANK AFTER BANK AFTER BANK."

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"Recordak" is a trade-mark

The Tax Millstone on Small Business

(CONTINUED FROM PAGE 34)

than one corporation. The schedule of taxes now applicable to corporations should be adjusted so as to smooth out the present curve from the tax base rate to the overall maximum rate. This would serve as an incentive for a corporation to retain as much of the earnings as possible, which would strengthen its financial position and permit expansion. Moreover, more taxable income would probably result from economies and less splitting up of existing corporations, resulting in greater revenue to the Government.

(7) Divide Income of Married Couples

—This is now a reality, since it is provided for in the recent tax bill passed over the President's veto. This provision has a particular significance to small businesses, since a great majority of them are not incorporated. The married proprietor of an unincorporated business prior to the new law had to pay substantially higher taxes in some brackets than did the small corporation, and accordingly was penalized for being unincorporated. As a result of the recent revenue tax bill provision for the division of income between husband and wife, the sole proprietor is benefited as follows:

Net Income Before Personal Exemption	Former Tax	Tax Under New Bill
\$ 5,000	\$ 798	\$ 631
10,000	2,185	1,621
15,000	4,047	2,829
20,000	6,393	4,247
25,000	9,082	5,877
50,000	24,795	17,201

The tax under the new bill as shown above compares most favorably with small corporation taxes and accordingly should benefit millions of small, unincorporated business enterprises.

(8) Require the Government to Bear Expense of Unsuccessful Tax Litigation

—There are many instances where business concerns, incorporated and unincorporated, disagree in good faith with the findings, rulings or tax assessments of the Bureau of Internal Revenue. Only in a court of law can the issues be legally determined, which procedure usually proves to be extremely costly. Often the risk is too great for the taxpayer to assume. The Bureau of Internal Revenue has the legal staff of the Attorney General at its disposal, hordes of examiners and accountants, and unlimited funds to carry on expensive litigation. Conse-

quently, taxpayers often pay taxes imposed or compromised rather than risk legal proceedings. While no one questions the good faith and the fine performance of the Bureau of Internal Revenue as a whole, nevertheless revenue agents can, and undoubtedly do in many instances, take advantage of this unbalanced and inequitable situation. There should be some real protection afforded the taxpayer because the present situation openly invites what is tantamount to blackmail. No one would suggest or recommend any reformation that would weaken the Government's position with respect to *bona fide* claims, but at present it is simply a one-way street. Justice demands, therefore, and small business needs, a change in the law to provide that in all cases where the United States Government is the plaintiff in a tax suit it shall reimburse the defendant for all reasonable expenses incurred if judgment is rendered in the defendant's favor.

The many tax and procedural inequities, including some of those discussed above, are at present receiving a good deal of attention from the Treasury Department as well as Congress. In fact, the Treasury Department has made recommendations with respect to some 53 technical changes in the law. The House Committee on Ways and Means now has before it Congressman Ploesser's Bill HR 5818 which would permit corporations an exemption of \$25,000 for income tax purposes and



"Biggest year in our history, and, what's more, we broke even!"

provide that the normal tax of 24 percent and the surtax of 14 percent shall be applicable to corporations having taxable incomes in excess of \$25,000. This bill, however, might seriously affect the Government's tax revenue and is most inequitable, since it limits the exemptions solely to corporations. This limitation takes care of only a small portion of the total number of small business concerns, as the greatest majority of them are unincorporated. It would undoubtedly force a high percentage of the unincorporated concerns to incorporate. The overall tax situation is receiving more attention today, but, notwithstanding, the much needed reforms will not be forthcoming unless every banker and every businessman fully presents the situation to the members of Congress.



An optimist may be wrong but he enjoys it.

A Russian satellite is a nation in which 100,000 peasants are denied the right to tramp a dirt road to lodge a protest that wouldn't be listened to by the government anyway.

Intuition is the ability to arrive quickly at a decision without the help of brains, knowledge or advice.

Three requirements for marriage: a single girl, a bachelor and an anxious mother.

With increasing consumer credit the old slogan now reads "Ask Dad—he owes."

THE INVESTMENT MARKET



Fifth in a series of famous skylines—Baltimore business district as seen from the south bank of the harbor basin

H. EUGENE DICKHUTH

MR. DICKHUTH is a financial writer on The New York Herald Tribune.

THE net effect of the Federal Reserve Board's increase in reserve requirements last month from 22 percent to 24 percent for New York and Chicago banks, was that the trading fraternity regarded one uncertainty as removed from the scene, although several others were created. The reason for feeling one had been eliminated is that the rise was one of the last blows the Reserve board could dispatch under the circumstances and that further similar interference is unlikely, at least for the duration of the summer months.

Increase in reserve requirements overshadowed the failure by the Treasury to raise the certificate rate from $1\frac{1}{8}$ to $1\frac{1}{4}$ percent, which became evident in the famous decision of May 13 by Secretary John W. Snyder to refund the June and July maturities with certificates of the old rate. The market has felt since that political pressures were largely responsible for letting the $1\frac{1}{8}$ percent rate stand and that such considerations would be as important in September as they were in May. Hence, in all likelihood no changes in certificates will be made until after election.

The uncertainties which have been created by the rise in reserve requirements revolve largely around the question of what effect higher reserves and thus withdrawal of an estimated \$500 million of lendable money will have on the economy and the markets. In detail this is difficult to predict, except that a tightening of credit, to some extent, would appear unavoidable.

Prospects for the government securities market are generally regarded as good. That includes the expectation for firmer, not lower, prices, although the Open Market Committee of the Federal Reserve banks has an ample bond portfolio to stem any pronounced rise in long-terms.

So far, sales by the committee have been of relatively moderate proportions and, judged from past observations,

the aim of the central banks' policymakers would seem to be the maintenance of orderly markets with a reasonable and normal volume rather than placement of top limits or ceilings on the various issue brackets. This, however, may change in case domestic or foreign conditions should worsen abruptly—which is not anticipated at this time. But in that event sharp price movements in either direction may be countered by renewed vigorous pegging and market support.

Optimism, at least short-termwise, has been reflected in recent weeks by a steady flow of bids in the market for municipals. Remnants of older and larger issues on the shelves of dealers have moved steadily into hands of ultimate investors. The only note of caution which was evident was based on the extremely large volume of securities offered. At times, this congested the trading machinery to the point of confusion and financial officials hope fiscal authorities of issuing cities and other government units will make greater efforts to check offering calendars and as a result stagger their financial wares.

This will be particularly applicable after the traditional lull of the dog days. With favorable markets in nearly all other segments of finance the summer slump may come later and may not be as pronounced as in other years.

The stock market which had given previous indications of greater activity has now been acknowledged as "a bull market" by the experts of the averages, although it may be a mild one. One of the basic considerations for greater optimism is that the war scare, outside of Palestine, has been blowing cold rather than hot and that business generally, while more competitive, is excellent as a whole.

The outlook for the remainder of the year also leaves very little to be desired. Capital expenditures by industry, one of the prime factors affecting general activity, continue at peak levels. Joint estimates by the Department of Commerce and by the Securities and Exchange Commission

(CONTINUED ON PAGE 112)



TAXATION AND FOREIGN TRUSTS

ALTHOUGH the Supreme Court last year upheld Rhode Island's right to tax the intangible property of a foreign trust, the Rhode Island Legislature has recently enacted a law to prohibit such taxation.

The Supreme Court, in *Greenough v. Tax Assessors of Newport*, reported in the September 1947 *BANKING*, ruled that the tax might be levied upon the value of intangible trust property as a part of the wealth of a trustee residing in Rhode Island, even though the trust property was wholly outside of the state and received from it no compensating benefit or protection.

Rhode Island, by means of House Bill No. 821, Laws of 1948, now provides that such a tax may not be assessed.

USURIOUS FINANCE CHARGE

The finance charge in connection with an instalment sale is generally considered a mere increase over the cash sale price to cover the cost of credit and, as such, is not "interest" within the meaning of the usury laws.

The Texas Court of Civil Appeals has, however, inquired into the facts of one such sale, for the purchase of a car, and come up with the ruling that the finance charge was indeed usurious interest.

The following factors were involved: contract and note were signed in blank; the only price quoted to the buyer was the cash price; the dealer told the buyer he would arrange for financing; the finance company talked with the buyer, checked her credit, examined the car, agreed to finance the sale, and prepared the note and contract, all before the sale was made; the buyer did not know the terms of the contract or note until after the first instalment payment was made; blank contracts and notes, and assignments of them to itself were customarily furnished by the finance company to dealers.

References to P. D. are to sections of Paton's Digest which contain general discussions of principles involved in the reported cases.

It was held that the trial court was justified in finding that there was only a cash sale, so far as dealer and buyer were concerned; the finance company had advanced the unpaid balance of the cash price and had exacted a usurious charge for the use of its money. *Associates Inv. Co. v. Thomas*, 210 S.W.2d 413.

DUTY OF LIFE INSURANCE PLEDGEE

The supreme court of Massachusetts recently explained that a bank which accepts life insurance policies as collateral for a loan is liable for its handling of them only as an ordinary pledgee of personal property.

In the case in question a borrower who had assigned her policies defaulted in payment of the premiums and, in accordance with their provisions, the policies then automatically converted to term insurance, with an option to change them to paid up insurance or surrender them for their cash value.

The bank was notified of the change in the policies and, without notifying the borrower, chose not to exercise either option. The term insurance eventually expired and, sued on her indebtedness, the borrower raised the defense that her collateral had been wrongfully appropriated.

The court answered that the relationship of debtor-creditor would not be changed to a fiduciary one by mere existence of mutual respect and confidence. Thus, the bank had no duty to notify the borrower of the conversion of the policies, nor could she, if notified, have forced the bank to exercise the options. She was presumed to know when premiums were due and what would occur if she failed to pay them. The conversion was not due to any

act or failure to act by the bank, nor did the bank in any way prevent her from maintaining her policies by prompt payment of premiums, nor from regaining possession of them by paying back the loan. *National Shawmut Bank v. Hallett*, 78 N.E.2d 624. *P.D.*, Pledge §§6:9, 9.

CORPORATE FICTITIOUS PAYEE

Although a bank is protected when it pays a check drawn to an impostor who, dealing face to face with the drawer, succeeded in having himself intended as the payee, albeit under an alias, such is not the case when the fictitious payee turns out to be a non-existent corporation.

This was the holding of the New York Court of Appeals in a case involving a check given to persons representing themselves as agents of a corporation, when the corporation in fact had not yet come into existence.

In the ordinary imposture, covered by the so-called impostor rule, the drawer intends that the person before him shall be the recipient of the proceeds of the check and expects that the person he names as payee will be paid. But where another person, real or fictitious, is intended as the payee, a bank will be liable for paying the impostor.

Here, although the drawer was dealing face to face with natural persons, the court found from the evidence that he dealt with them only as agents and intended to deal only with the corporation as principal.

Consequently, the court held, the check constituted an order to pay to a non-existent person and as such was a mere scrap of paper creating neither right nor obligation. It was a legal nullity and the drawee bank was held liable for charging it to the maker's account.

It is interesting to note that the court points out that a forwarding bank which had first given credit on the check

(CONTINUED ON PAGE 74)



Your merchandise may be pilfered



Your accounts may be juggled



Your cash may be stolen



An employee may abscond

This Man Can't Stop Dishonesty **BUT he can stop** **dishonesty Losses!**

WHY? Because he is a trained Insurance Agent who can build a bonding program to protect your company from having to make up heavy losses due to embezzlement or any form of employee dishonesty. The current high rate of such losses makes it more imperative than ever for you to bring your bonding program up-to-date. There is a USF&G agent in your community

who will be glad to analyze your bonding program, without obligations. Consult him today!

U. S. F. & G.

United States Fidelity & Guaranty Co., Baltimore 3, Md.
Fidelity & Guaranty Insurance Corp., Baltimore 3, Md.
Fidelity Insurance Co. of Canada, Toronto

"Consult your Insurance

Agent or Broker



as you would your

Doctor or Lawyer."

in dispute, and which was held liable to the drawee on its endorsement, "could have prevented the consummation of the wrong" by exercising "elementary precautions." The court apparently has reference to the fact that this bank allowed the "agents" of the non-existent corporation to open an account by depositing the check without an endorsement, allowed withdrawals from the account, in which the check was the sole deposit, even before it had cleared, and neither requested nor received any corporate resolution or other authorization for the creation of the account in the corporation's name.

Hence, finds the court, there is no ground, on any theory of "piercing the veil of corporate entity," for disregarding the plaintiff's intent to deal with the corporation as principal, since it would "prevent no fraud and serve no equity" to put the loss on the maker rather than upon the forwarding bank which had facilitated his loss."

Whether or not a non-existent corporate payee can ever be brought within the impostor rule did not have to be decided in this case, said the court, and consequently was not decided. *International Aircraft Trading Co. v. Manufacturers Trust Co.*, 79 N.E.2d 249, P.D., Forged Paper §§4, 11.

INSUFFICIENT FUNDS ?

A divided Texas Court of Civil Appeals holds that a payee's delay in presenting a check will not excuse the drawer from his obligation to keep sufficient funds on deposit to pay it, and seems to hold that a line of credit with the drawee bank does not constitute "sufficient funds."

The case concerned an "unless lease" of oil land; one which, among other things, automatically terminates if rent is not paid at a stipulated time. A check was seasonably tendered in payment of rent and, though the maker did not have sufficient funds at that time, on the next morning he made an arrangement with the drawee to honor it regardless of the condition of his account. If the payee had deposited the check that morning it would not have reached the drawee bank for three days. As it was, he did not deposit it until several days later.

When it did come to the drawee bank, there were insufficient funds on deposit and, through an employee's failure to recall the credit understanding, the check was dishonored.

The following day a bank officer realized the error and promptly notified

the payee that the check would be honored if re-presented. This was not done. The payee kept the check some 10 months longer and then brought suit to declare the lease terminated for non-payment of rent.

Although the trial court had termed it negligent, the majority of the appellate court seemed little concerned with the payee's delay in depositing the check. Stating that, in such cases as this, "time of payment is the essence of the contract," they ruled that the lease must be strictly construed against the lessee, declared it terminated, and were "unwilling to say" that the payee's delay caused the termination.

In their opinion the drawer had simply failed to keep funds in his account sufficient to authorize the drawee to pay his check, and thus had failed to make timely payment.

It was also held that the payee was under no obligation to make a second presentment and that provisions of the N.I.L. relieving the maker when there is unreasonable delay in presentment did not apply, being limited to cases involving bank failures, and to cases where a debt exists. Here, said the majority, there was no debtor-creditor relationship.

Judge Hall, in his dissent, considers that a good and sufficient check was dishonored by mistake, and that title to realty should not thereby be allowed to terminate. Under the circumstances, he felt that acceptance of a check should carry the burden of absorbing honest mistakes, to the extent, at least, of owing a duty to re-present the check, and he noted that the payee seemed to have "attached value" to the check by keeping it for 10 months, without declaring the lease forfeited, and with knowledge that he could have cashed it at any time during that period. *Baker v. Hamilton*, 210 S.W.2d 634, P.D., Checks §§15:1, 15:3, 21; Presentment §2; Legal Tender §1:8.

PRIORITY OF AIRCRAFT LIENS

In the first case of its kind, the Federal District Court for New Jersey has ruled that an aircraft chattel mortgage held by the Government and recorded with the CAA is superior to a mechanics possessory lien created by state law.

The case involved several aircraft which had been sold by the WAA subject to chattel mortgages recorded under the Civil Aeronautics Act, which provides that no instrument affecting title to, or interest in civil aircraft shall be valid as to third persons without notice unless recorded with the CAA, and that

instruments so recorded shall be valid as to all persons without further recordation.

The planes were later repaired by a third party which then sought to assert a possessory lien for the cost of its work, which lien, under California law, is superior to the lien of a prior chattel mortgage.

The trial judge found that the recording provisions of the act are within the scope of the Government's power and, accordingly, that the Government's lien is, in this case, superior to "any claim established under state law affecting the same object."

The decision is not remarkable of itself, inasmuch as the Government was the mortgagee and it has been held that federal laws may declare liens in favor of the Government and establish their priority irrespective of state laws.

What is interesting for the future is the judge's pronouncement of his "incontestible conclusion that Congress has full power to control all aviation activity." After citing authority for the right of Congress to control all navigable waters of the country, he found an exact analogy between air and water travel and then observed that no part of the "navigable circumambient atmosphere" of the country can be so confined within the limits of a state as to be "incontiguous to the interstate and international highways of the air."

In reaching his "incontestible conclusion" he took issue with the ruling of a New York court (cf. 22 N.Y.S.2d 37) that state-created liens on aircraft used solely in intrastate commerce are paramount, and made reference to "overclamorous and undue insistence on states rights."

At this writing it is not known whether his conclusions will be contested in a higher court.

It might be noted that some states have anticipated matters by providing in their laws for recordation of aircraft liens with the CAA. However, the Civil Aeronautics Act provides for the recordation of "instruments" and makes no provision for possessory liens, either by creating them under federal law, or by recognizing those created under state laws. In re *Veterans Air Express Co.*, 76 F.Supp. 684, P.D., Liens §2:4; Chattel Mortgages §§2, 8:10, 4A:9.

Diplomacy is the ability to take something and act as though you were giving it away.

Money Rates and Bond Market Support

(CONTINUED FROM PAGE 35)

studied the actual course of events over recent decades and who have analyzed the causes of the current inflationary boom, regard this approach as a dangerous oversimplification.

For instance, one of the outstanding features of the price spiral of the past two years is that it has not been caused by an overall expansion of bank credit during this period. It cannot, therefore, be cured simply by the application of overall credit restrictions. The increase that has taken place in loans to business has been largely a result rather than a cause of higher prices. The expansion of consumer and real estate credit has contributed to inflationary pressures, to be sure, but these loans are not directly affected by overall credit restraints. These basic facts are fully appreciated by most bankers but are not so well understood, unfortunately, by many outside the banking business.

Nevertheless, despite the fact that credit management cannot cure the disease, the question still remains whether it can make some contribution toward restraining further inflationary developments, and if so, how.

Short-Term Rates

In the judgment of most of the prominent bankers and economists who participated in the symposium for BANKING, higher rates for short-term Treasury borrowing would help to curb inflation. In fact, opinion is almost unanimous that the benefits to society as a whole would be well worth the additional interest charges that the Treasury would incur. As one economist put it: "The interest cost to the Treasury is far less important than the freedom of the Federal Reserve to manage money with an eye on general business and price stability."

Increases in short-term rates may restrain inflationary tendencies in two different ways: through their effects upon the market for long-term capital and through their effects upon bank loans. The lower short-term rates are, the more inducement there is for banks and other investors to buy long maturities for the sake of the higher return they afford. This tends to stimulate all segments of the capital market. Moreover, when commercial banks sell short-term government obligations to the Federal Reserve System and use the proceeds to buy other securities from non-bank investors, the total volume of bank deposits is thereby increased. At present, however, these particular arguments for higher short-term rates are less cogent than they were a year ago because the Federal Reserve System has meantime acquired large quantities of Treasury bonds which it could now use to restrain the government bond market and to supply the demand for bonds from commercial banks.

Short-term money rates affect bank loans through their influence upon bank earnings and upon the attitudes of both bankers and bank customers. When rates on short-term governments and on prime commercial loans are high enough to enable banks to show satisfactory earnings without departing from conservative policies, there is less pressure to compete aggressively for loans. Rising rates tend to induce caution on the part of bankers in extending credit and on the part of businessmen who consider borrowing to expand plant or inventories.

Just how important are these effects in terms of curbing inflation? No precise answer is possible. These influences

are all intangible, non-measurable. Indeed, they are largely a matter of the psychology of lenders and borrowers. The bankers themselves, however, should be in as good a position as anyone to appraise these effects, for they are the chief lenders and are in constant contact with borrowers and potential borrowers. It is significant, therefore, that in the opinion of most of the commercial bankers who contributed to the survey for BANKING, the moves of the monetary authorities in tightening bank credit during the past year have had an "appreciable" effect upon the total volume of bank loans.

"Not Military Enough"

There are dissenting opinions. Some bankers believe that the effects upon bank loans to date have been negligible. Several of these men nevertheless advocate raising short-term rates further as a precautionary move against the danger of an inflationary expansion of bank credit in the future. One economist expressed the view that "the moves have been in the right direction but probably not military enough to accomplish much."

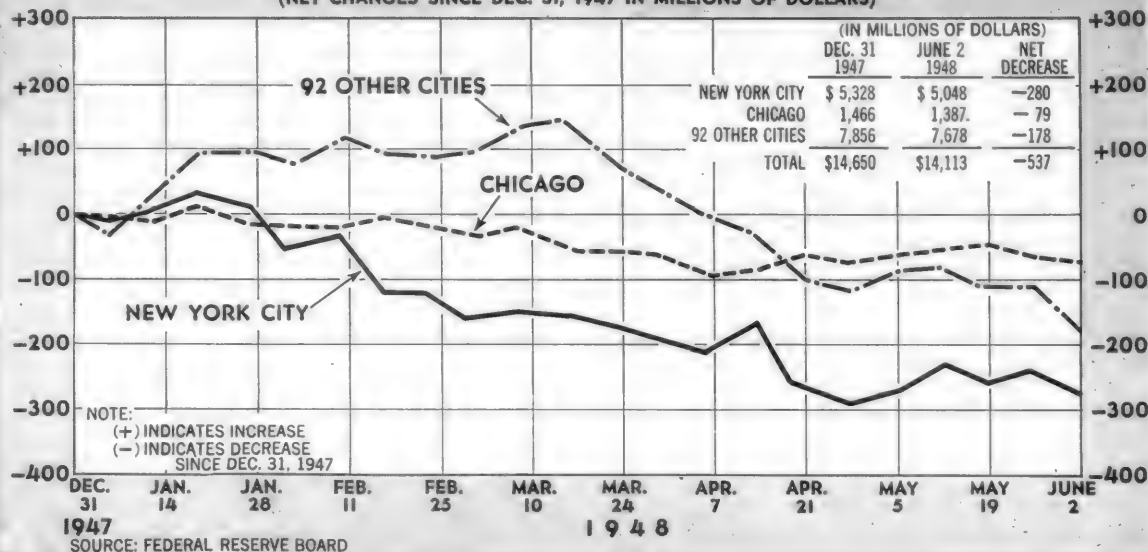
There is far less unanimity as to the policies that the monetary authorities should follow with respect to the long-term government bond market. If the current boom continues, we may witness a renewal of liquidation of government bonds, especially if short-term rates are permitted to continue to rise. Federal Reserve and Treasury officials have declared that their intention at the present time is to maintain the 2½ percent long-term rate. From the standpoint of long-range as well as short-run considerations,

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"I wish you'd foreclose the mortgage on my house. It hasn't nearly enough closet space."

**COMMERCIAL, INDUSTRIAL AND AGRICULTURAL LOANS
OF REPORTING MEMBER BANKS IN
NEW YORK CITY, CHICAGO AND 92 OTHER CITIES
(NET CHANGES SINCE DEC. 31, 1947 IN MILLIONS OF DOLLARS)**



what is the wisdom of adhering to this policy in the future?

On one vital point, at least, bankers and bank economists are in emphatic and almost unanimous accord; namely, that the Federal Reserve System cannot completely abandon all support of the government securities market. To do so would in all probability disrupt business and perhaps initiate a severe depression. To quote an eastern banker, "a complete relinquishment of support would result in a general mess." The president of a big West Coast bank pointed out that continued support of the bond market is essential "to enable the capital expansion program to be completed." Moreover, a prolonged decline in government bond prices might lead to a wave of redemptions of savings bonds, which could have serious consequences. Another point, in the opinion of the president of a large eastern bank, is that it might "create havoc" with the capital accounts of many smaller banks.

"Free Market" Unrealistic?

Several bankers suggested that under present-day conditions it is unrealistic to talk about returning to a "free" market for government bonds or "permitting the bond market to find its own level." The fact is that the Federal Reserve System now holds over \$20 billion of government obligations and the management of this vast portfolio cannot fail to determine to a large extent the level of interest rates and high-grade bond prices.

Most bankers, however, do not therefore conclude that we must resign ourselves to the indefinite continuation of controls as rigid as those which have been exercised over rates in recent years. They believe we should work toward the eventual attainment of a greater degree of freedom in the bond market than now prevails and also greater flexibility in Federal Reserve open market operations. In the words of a New England banker, it would be "ultimately desirable to have as close to a free market as is practicable." This is a long-range objective that should be kept in mind in formulating current policies.

Some progress has already been made over the past year in breaking away from the rigid wartime pattern of rates. Opinions among bankers differ chiefly as to just how much flexibility can exist under postwar conditions and as to how rapidly we should try to move in the direction of greater flexibility.

Investment Makes the Difference

It is generally agreed that considerable caution is necessary. Developments in the government bond market may have far-reaching consequences which cannot be accurately foreseen. It is hard to say, for example, just how much a given decline in government bond prices may reduce the availability of long-term capital and the volume of new corporation bond issues, with serious repercussions upon business activity. It is investment expenditure by business that makes the difference between prosperity and depression.

Several bankers and economists, therefore, believe that in the event of another wave of selling of government bonds, the monetary authorities should again support the market at the levels established last December. They see little to be gained from lowering the pegs and fear that such a move might undermine the confidence of investors and bring a deluge of selling, the effects of which would be difficult to predict.

A substantial majority of those participating in the survey, however, believe that the Victory 2½'s due 1972-67 should be permitted to dip below par. Some specified that a new peg should be established and aggressively maintained just a shade below par, at 99 or 99½ or 99¾. Others, less apprehensive of market sentiment, favor a gradual, orderly decline to perhaps several points below par.

As previously indicated, one of the chief arguments for permitting some limited decline below par is that this would be a step toward a freer market. Rigid adherence to the December 24 support prices might encourage the growing impression in the minds of some persons that par is sacrosanct and that the Government has some sort of moral

obligation to protect investors against any decline below par—an idea, incidentally, which may have been nurtured by certain recent statements by government officials. The longer the present pegs at and above par are maintained, the more difficult it may be to cut loose from them at some future date.

Another important reason, in the judgment of many bankers and economists, is that a modest lowering of the support levels might discourage liquidation of government bonds and tend to curb inflationary pressures somewhat without seriously disrupting business activity. Banks might be less willing to make loans, especially in borderline cases, if doing so would involve taking losses in their government holdings. Similarly, insurance companies and mutual savings banks might be less eager to purchase new corporation issues, particularly those below top quality. In short, while deserving borrowers could continue to obtain funds required to finance current operations and needed expansion, the availability of credit and capital to marginal borrowers and for speculative purposes might be reduced.

Far from Unanimous

Some bankers favor dropping the support prices slightly as a move toward a higher level of interest rates over a period of years. Opinion is far from unanimous, however, that the existing level of most interest rates is undesirably low from the standpoint of long-range economic well-being.

Most bankers do not fear that a slight decline in government bond prices below par at this time would lead to heavy redemptions of savings bonds. It was predicted in some quarters that as soon as the war ended, there would be a veritable flood of redemptions but no flood occurred. And last year when the government bond market suffered its worst slump since 1939, the monthly rate of savings bond

redemptions showed no ill effects whatever. There is certainly nothing in the record to contradict the statement of an eastern banker that "there is no reason to suppose that redemption of savings bonds would be heavy in the event of lower bond prices."

It should be emphasized that the foregoing summary does not constitute a forecast of what is actually likely to happen. The monetary authorities often think differently from bankers and bank economists and they sometimes discount bankers' recommendations as being motivated in part by self-interest. Also, some Washington officials are influenced at times by political considerations and tend to exaggerate the importance of the cost of Treasury borrowing. Admittedly, too, it is one thing to say what someone else should do and quite a different matter to shoulder the responsibility for doing it.

The Rest of the Picture

Many of those who participated in the symposium indicated that they do not regard interest rates and bond prices as being by any means the whole answer to the problem of monetary management. In fact, several voiced their conviction that the monetary authorities are entirely too preoccupied with the government securities market. The president of a large southern bank, for example, defined the central problem of credit management as being "still one of completing the Government's war financing effort . . . of completing the marketing of government securities among private investors other than banks."

Bankers and economists have numerous suggestions to offer with respect to alternative methods of credit control, possible changes in the operation of the banking system and in the organization of the responsibility for monetary management. These will be covered in a subsequent article.

HERE'S AN IDEA—

We understand the great telescope in California magnifies stars a million times. This is almost as good as the press agents do in Hollywood.

There are now two parties in Czechoslovakia—the dictator and the spectator.

There are still a number of persons with million dollar incomes, so we do not face an immediate shortage of ambassadors.

A great deal of time could be saved if a part of all salary checks were sent direct to the instalment lender.

When a woman changes her mind repeatedly, we suppose her intuition is just getting the range.

The world has largely dropped its wartime fury and now has peacetime hate.

From some verdicts we have read lately, a jury ignorant of the case at the beginning has been that way at the end, too.



"Another personal call for you on company time, Mr. Perkins."



Other Organizations

Kansas Study

A DETAILED study of bank management statistics in Kansas is given in the recently issued 1948 report of the Bank Management Commission of the Kansas Bankers Association. Data have been supplied by 483, or more than 80 percent, of the 608 banks in the state.

A summary of the results of the study has been written by M. L. Breidenthal, president of the Security National Bank, Kansas City, and chairman of the commission. Tables showing earnings and expense ratios and comparisons of activity are shown for the reporting banks according to size, 12 size classifications having been used. Each bank reporting data has been given a number, which is known only to that particular institution.

Other sections of the report are devoted to summaries of service charges by groups and counties and comparison of average operating ratios by size groups for each year from 1941 through 1947.

Mortgage Bankers in September

The 35th annual convention of the Mortgage Bankers Association of America will be held at Hotel Commodore, New York City, September 22 to 24, John C. Thompson, Newark, N. J., association president, has announced. Running concurrently with it will be the 9th annual exhibit of building, industry and services, a display of prod-

ucts and services of home building materials and appliances, office equipment and other products.

Powers of Government

The centralization and growth of economic and financial powers in the hands of government are shaping the future of the banking business and of our personal lives as citizens, says Evans Woollen, Jr., vice-president of the American Bankers Association and chairman of the board, Fletcher Trust Company, Indianapolis. This was the theme of a talk which Mr. Woollen made before the Ohio Bankers Association recently.

"A fundamental conflict is involved," stated the A.B.A. vice-president. "Like most Americans, I should like to live in a society where the functions of the national government in domestic affairs would be confined to keeping money sound, to regulating natural monopolies and to prohibiting other monopolies. This would be the free enterprise system in pure form. Such a regime would offer the best promise for the good life.

"I think it can be truthfully asserted that the more careless of government the citizenry may be, the more pervasive of the citizen's life the Government will be. We shall never have very good government so long as 'politics' is a term of contempt in our daily speech."

Regarding government-in-credit, Mr. Woollen said: "If a borrower is denied

credit, the denial ought to come from a lender from whose judgment there is another appeal to still another lender. There is no appeal from the authority of a government lending agency. The borrower should have assurance that he will not be denied because of his political beliefs. Finally, it is patently wrong for the Government to have the power to determine which borrower should have credit and which should not."

Connecticut Public Relations

The Connecticut Bankers Association's public relations committee has issued a report for 1948. The statewide program which the report covers was initiated a year ago and has had the financial support of 76 banks, or almost 90 percent of those in the state.

Chairman of the association's public relations committee is Winthrop W. Spencer, president, Colonial Trust Company, Waterbury.

Sections of the report describe publicity operations, school age banking education, dissemination of bank information, banker meetings, employee relations, advertising, handbooks and director activities.

A seven-point program for the second year is included.

Safe Deposit Meeting

The 1948 National Safe Deposit Convention and annual meeting of the American Safe Deposit Association will be held October 7-9 at Hotel Somerset in Boston, Massachusetts. The Massachusetts Safe Deposit Association will act as convention host.

The association is urging all member banks of state banker organizations, if they are interested in safe deposit operations, to send representatives.

Company Analysis

Word comes from Robert Morris Associates, bank credit men's national association, that a pamphlet, *An Outline for the Analysis of a Company*, is still in considerable demand and that copies are still available. The author of the outline is John D. Dupuis, vice-

(CONTINUED ON PAGE 82)



FPRA PUBLIC RELATIONS SCHOOL

Some of the buildings on Northwestern University's downtown campus, where the Financial Public Relations Association will hold its School of Financial Public Relations August 16-28. Curriculum includes applied psychology, semantics, speech, salesmanship, advertising, publicity, and public relations

NEW STATE ASSOCIATION PRESIDENTS

(Others will appear in August)



Left to right: OHIO, Ralph P. Dixon, executive vice-president, Citizens Bank of St. Bernard; NEW JERSEY SAVINGS BANKS, Ralph B. Welsh, executive vice-president, Morris County Savings Bank, Morristown; DISTRICT OF COLUMBIA, Robert H. Lacey, vice-president, National Metropolitan Bank, Washington; TENNESSEE, Stacy D. Wilhite, vice-president and cashier, First National Bank of Cookeville



Left to right: MISSISSIPPI, Frank E. Allen, president, Canton Exchange Bank, Canton; NEW JERSEY, Frank F. Allen, president, Seacoast Trust Company, Asbury Park; ALABAMA, M. W. Espy, president, Headland National Bank, Headland; NORTH CAROLINA, John F. McNair, Jr., executive vice-president, The State Bank, Laurinburg



Left to right: MAINE, Frederick R. Knauff, president, Federal Trust Company, Waterville; LOUISIANA, V. V. Whittington, president, Bossier Bank & Trust Company, Bossier, and Bank of Benton; RHODE ISLAND, Albert F. Newman, vice-president and cashier, The National Bank of Commerce and Trust Co., Providence; DELAWARE, Gordon Willis, vice-president, Farmers Bank of the State of Delaware, Dover



Left to right: WISCONSIN, Arnold R. Vogtsberger, vice-president, Bank of Menomonie; GEORGIA, C. B. McAllister, executive vice-president, Sea Island Bank, Statesboro; IOWA, W. W. Blasier, president, Farmers State Bank, Jesup; CONNECTICUT SAVINGS BANKS, Carl G. Freese, vice-president and treasurer, Connecticut Savings Bank, New Haven. (Both the Iowa and Connecticut Savings banks presidents were elected in the Fall of 1947)

(Continued on page 80)

(Continued from page 79)



Left to right: CALIFORNIA, H. Morgan Craft, vice-president, Farmers and Merchants National Bank, Los Angeles; KANSAS, Floyd E. Lull, president, Smith County State Bank, Smith Center; TEXAS, John T. Yantis, president, First National Bank, Brownwood; OKLAHOMA, J. R. Meek, president, Security Bank, Ponca City



Left to right: VIRGINIA, C. Francis Cocke, president, First National Exchange Bank, Roanoke; MARYLAND, Norman B. Boyle, secretary-treasurer, Westminster Savings Bank, Westminster; MINNESOTA, M. O. Grangaard, vice-president, First National Bank, Minneapolis; OREGON, H. L. Claterbos, vice-president, First National Bank, Portland



Left to right: ARKANSAS, Berry Vaughan, vice-president, McIlroy Bank, Fayetteville; FLORIDA, J. D. Camp, president, Broward National Bank, Ft. Lauderdale; MASSACHUSETTS, Leon M. Little, vice-president, New England Trust Company, Boston; NEW YORK, Burr P. Cleveland, president, First National Bank of Cortland



Left to right: MICHIGAN, Horace F. Conklin, president, Security National Bank, Battle Creek; INDIANA, Herbert C. Morrison, president, Elston Bank & Trust Company, Crawfordsville; MISSOURI, Joseph C. Welman, president, Bank of Kennett; ILLINOIS, Harry E. Emerson, cashier, secretary and trust officer, First Bank and Trust Company, Cairo

Opposed Pistons Working Together



For Finer Diesel Power

Two pistons in each cylinder, driven apart by a central combustion . . . working together to produce *more* power per cylinder, *more* power per pound, *more* power per foot of floor space . . . these are the advanced benefits of Fairbanks-Morse Opposed-Piston, Two-Cycle Diesels. They have no valves, no cylinder heads, 40% fewer working parts . . . and an earned reputation for delivering low-cost power in all classes of heavy-duty service.

Fairbanks, Morse & Co., Chicago 5, Ill.

When it comes to Diesels . . .



FAIRBANKS-MORSE

A name worth remembering

DIESEL LOCOMOTIVES • DIESEL ENGINES
STOKERS • SCALES • MOTORS • GENERATORS
PUMPS • FARM EQUIPMENT • MAGNETOS
RAILROAD MOTOR CARS and STANDPIPES

president, Peoples First National Bank & Trust Company, Pittsburgh.

Real Estate School

The Real Estate and Appraisal School conducted annually by the Savings Banks' Association of Connecticut and the School of Business Administration of the University of Connecticut, was held at the Fort Trumbull Branch, New London, June 14-18.

The course this year, third in the school's existence, included discussion of home sites, current construction methods and new materials, various aspects of construction loans, mortgage loan policies, servicing of existing loans and field work on appraisal.

Editorial Award

Meredith Garten, editor and publisher of the *Leader-Journal*, Pierce City, Missouri, and president of the Missouri Bankers Association, has announced that the Missouri Bankers Association plaque offered for the best editorial page among Missouri weeklies has been awarded to the *Crane Chronicle*. Don and Al Wright are the publishers. The judge of the contest was Bruce R. McCoy, manager of the Louisiana Press Association, and a member of the faculty of the School of Journalism, Louisiana State University. The plaque was presented May 6 at the annual Journalism Week at the University of Missouri.



"Don't you get any homework from the Bankers' Agricultural School?"

The Illinois Convention

The programs of state association conventions are justly famous for timelessness, variety, originality and all around distinction. A good recent example of this was the annual meeting of the Illinois Bankers Association at the Edgewater Beach Hotel in Chicago in June. According to Secretary Harry Hausman it was the most successful convention from attendance and other standpoints that the organization has ever held.

One of the important actions of the association at this meeting was to approve a draft of a proposed bill that would eliminate from the Illinois statutes the double liability provision with reference to stockholders in state banks.

Another step taken by the association



Mr. McCormick

was to approve legislation giving banks the right to operate on the 5-day week.

Fowler McCormick, chairman of the board of the International Harvester Company, was the guest speaker at the luncheon inaugurating the new president of the association, Harry E. Emerson, cashier, secretary and trust officer of the First Bank and Trust Company, Cairo. Mr. McCormick stressed the fact that American business must serve three different groups—customers, employees and stockholders—in order to preserve free enterprise.

Joseph M. Dodge, president of the American Bankers Association, addressed one of the main sessions. He said the danger of further inflation was not over and that the anti-inflation program of banks must be continued. He pointed out that the volume of bank loans had been curtailed in the first quarter of '48 and that there were no signs of any rise in the rest of this year comparable to 1947.



NAMSB OFFICERS

New president of the National Association of Mutual Savings Banks is William L. Maude (above), president, Howard Savings Institution, Newark, N. J. Others elected are: *vice-president*, Henry S. Kingman, president, Farmers and Mechanics Savings Bank, Minneapolis; *treasurer*, Edmund P. Livingston, *vice-president*, Union Dime Savings Bank, New York; *executive secretary*, John W. Sandstedt, New York.

Included among the other speakers at the various sessions were: J. C. Penney, founder, J. C. Penney Company; Gilbert T. Stephenson, director, trust research, of the Graduate School of Banking, American Bankers Association; Dr. Gustav Egloff, director of research, Universal Oil Products Company; Dr. Howard R. Bowen, dean, College of Commerce and Business Administration, University of Illinois; and Sir R. Gordon Munro, executive director for the United Kingdom, International Bank for Reconstruction and Development.

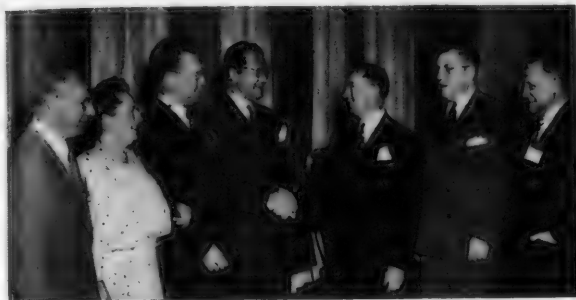
There were extra-curricular features of the convention that were extremely popular. One was a get-together party on the first night, with entertainment provided by bankers from the various Chicago banks. Also the ladies were given a special tour of the great Merchandise Mart where they could see all the latest things in house equipment and furnishings.

Some men think by the inch but speak by the yard.

In an election year there is only one labor problem—how to win the labor vote.

BANKING NEWS

Hauser Is President, Taylor Vice-president of A.I.B.



A.I.B.'s NATIONAL OFFICERS—Associate Secretary Rutherford, Assistant to Educational Director Marion Turner, Educational Director Leroy Lewis, retiring President Carter, President Hauser, Vice-president Taylor, and Secretary Floyd W. Larson

President Dodge Sees Opportunities Ahead

Convention Speeches

Joseph M. Dodge, president of The Detroit Bank and of the American Bankers Association, headed a group of prominent bankers and educators on the speaking program at the American Institute of Bankers' convention in Buffalo.

"Problems make opportunities, and the world is full of problems," Mr. Dodge told Convention delegates. "Every business and every bank has them. Every executive is in need of men and women who can see what should be done and do it. There is a shortage of individuals with the disposition, the will, and the capacity to take hold and squeeze the possibilities out of everyday opportunities."

(CONTINUED ON PAGE 87)

Banker Jesse H. Jones Creates \$2,500 Annual Convention Debate Fund

One of the outstanding highlights of the American Institute of Banking convention in Buffalo last month was the announcement of the Jesse H. Jones National Convention Debate Fund by Dr. Harold Stonier, executive manager of the American Bankers Association and formerly national educational director of the Institute.

Mr. Jones, chairman of the board of the National Bank of Commerce, Houston, Texas, will make annual contributions of \$2,500 for 10 years through Houston Endowment, Inc., established by Mr. and Mrs. Jones for educational, philanthropic, and religious purposes, to encourage debating as an important part of the education.

(CONTINUED ON PAGE 85)

Cornelius, Travers, Gabel and Phillips Elected to Executive Council; 100,000 Member Goal Set

Pierre N. Hauser, vice-president and personnel director of the First Wisconsin National Bank, Milwaukee, was elected president and Hartwell F. Taylor, assistant vice-president of The Bank of Virginia, Richmond, was elected vice-president of the American Institute of Banking at the concluding general session of the Institute's 46th annual convention in Buffalo last month.

Mr. Hauser succeeds Garnett A. Carter, vice-president of The Fulton National Bank, Atlanta, as Institute president and Mr. Taylor replaces Mr. Hauser as vice-president.

Four new members were elected to the Institute's 12-member Executive Council, as follows: Joseph F. Cornelius, vice-president, First National Bank of Spokane; Martin J. Travers, vice-president, Power City Trust Company, Niagara Falls; Albert H. Gabel, Savings Bank of Utica, N. Y.; and W. Frank Phillips, assistant vice-president, Commercial National Bank, Charlotte.

At the opening session of the convention, President Carter announced that the A. I. B.'s membership stands at an all-time record high of 87,515, compared with a previous high in 1947 of 78,605. Class enrollment of 45,955 for the past year reached the third highest peak in A. I. B. history, the highest enrollment having been attained in 1931, with 48,778 members.

A goal of 100,000 members has been set by incoming President Hauser for 1948-49. "While our membership is at an all-time high, it represents

(CONTINUED ON PAGE 85)

A.I.B. Meeting Adopts Memorial to Chapman

A resolution eulogizing Joseph Chapman, who, in 1898, formed an educational group of bankers in Minneapolis which led to the founding of the American Institute of Banking as the educational section of the American Bankers Association in 1900, was introduced at the first general session of the 46th annual convention of the Institute in Buffalo last month by Clarence R. Chaney, vice-chairman of the board, Northwestern National Bank, Minneapolis, and was adopted by the convention.

Mr. Chapman, who died on May 11 in Minneapolis, first entered banking in 1888 and from 1904 to 1919 was an officer of the Northwestern National Bank. More recently he was a trustee of the Farmers & Mechanics Savings Bank in Minneapolis.

After paying tribute to Mr. Chapman's unique temperament and personality, the "bigness of his view of life," his "ready sense of humor,"

(CONTINUED ON PAGE 85)

Speaker Dodge



Donor Jones



New Executive Councilmen—Travers, Phillips, Cornelius and Gabel



HARRIS & EWING



Public Speaking Award Winners Ferguson, Dryer, Gupton and Berry

Berry First in A.I.B. Public Speaking Contest; Gupton, Dryer, Ferguson Also Get Giannini Prizes

David R. Berry, of the Chemical Bank and Trust Company, New York City, won the \$500 first place award in the National Public Speaking Contest of the American Institute of Banking during the Institute's Buffalo convention. Gayle Gupton, of the Third National Bank, Nashville; Edward T. Dryer, of The Manufacturers National Bank of Detroit; and Hugh O. Ferguson, of the Mellon National Bank & Trust Co., Pittsburgh, placed second, third and fourth, respectively, in the contest. These men had previously won public speaking contests in districts one, three, four and two.

Eight contestants competed for the A. P. Giannini Educational Endowment Prizes, carrying cash awards of \$500, \$300, \$200, and \$100. A \$15,000 endowment fund was created by A. P. Giannini in 1926, a year before the first public speaking contest of the Institute was held in Detroit. This fund was increased to \$50,000 in 1928. Mr. Giannini was formerly president and is now the retired chairman of the

board of the Bank of America. "International Trade" was the general theme developed in the inter-chapter and district public speaking contests during the Winter and Spring leading up to the finals in Buffalo. The subtopic—"New Horizons for International Trade"—was announced to

(CONTINUED ON PAGE 86)

Publicity Honors Go to Richmond, Scranton, and Winston-Salem

Chapters winning first place awards at the American Institute of Banking's Buffalo convention for publicity exhibits were Richmond, Virginia, Scranton, Pennsylvania, and Winston-Salem, North Carolina.

Richmond Chapter won first place and a certificate of award in the chapter group having a membership of 751 or more and Minneapolis won second place; Scranton won in the chapter group with a membership of 251 to 750; and Winston-Salem in the group with a membership of 250 or less.



National Convention Debate Winners Cunerd, Trexler and Conner

Philadelphia Chapter Takes Debate Decision in Bout With Los Angeles on World Trade

Philadelphia Chapter of the American Institute of Banking won over Los Angeles Chapter in the National Convention Debate held during the Buffalo convention.

The Philadelphia team upheld the affirmative side of the question: "Resolved, That the United States as a Creditor Nation, Should Adopt a Policy of Tariff for Revenue Only."

The winning team was composed of R. David Conner, Corn Exchange National Bank & Trust Company; Earl H.

Cunerd, First National Bank of Philadelphia; and Frank B. Trexler (alternate), Philadelphia National Bank.

Los Angeles team members were: A. W. Danielson, Bank of America, Glendale; John P. Quinn, Union Bank and Trust Company; and Gordon W. McGinley (alternate), The Farmers and Merchants National Bank.

C. A. Davis, chairman, Debate Committee and a member of the staff of the Commonwealth Bank, Detroit, presided.

Hauser Announces National Committee Heads

Pierre N. Hauser, president of the American Institute of Banking, announces the appointment of seven national committee chairmen to serve during the 1948-49 Institute year. For the first time in the history of the A.I.B. three of the committee chairmen are women. The new committee heads are:

Debate Committee: John F. Elsbree, Webster and Atlas National Bank, Boston. Mr. Elsbree was a member of the

Debate Committee in 1946-47 and again this past year.

Forum and Seminar Committee: Robert L. Greene, City National Bank and Trust Co., Kansas City. Mr. Greene was president of Kansas City Chapter in 1946-47 and a member of the Membership and Enrollment Committee in 1947-48.

Membership and Enrollment Committee: Helen Jackson, Wachovia Bank and Trust Co., Winston-Salem, N. C. Miss (CONTINUED ON PAGE 86)



Virginia Valentine, 1947-48 chairman, National Publicity Committee, who is advertising manager, State-Planters Bank and Trust Co., Richmond, presents Richmond Chapter President Allen H. Grundy (State-Planters' Howell Office) with the convention's publicity exhibit award to a large chapter, left

Women's Committee Chairman Fisher receives the gavel from retiring Chairman E. Kay Madden at the Women's Committee Conference, right. Mrs. Madden is affiliated with the Seattle-First National Bank, Seattle, Washington



A.I.B. Invited to Hold 1949 Convention in Portland, Oregon

The Portland, Oregon, Chapter of the American Institute of Banking extended an invitation to the Institute during the 46th annual convention in Buffalo to hold its 47th convention in Portland. The invitation was extended by John Otto, immediate past president of Portland Chapter and a member of the United States National Bank staff. The convention delegates accepted the invitation of the City of Roses and the dates of the 1949 convention have been set as June 13-17.

The 50th Anniversary Committee, headed by Clarence R. Chaney, vice-chairman of the Northwestern National Bank, Minneapolis, reported to the Buffalo convention that plans for the Golden Anniversary Convention in Minneapolis in 1950 are advancing rapidly.

Hauser and Taylor

(CONTINUED FROM PAGE 83)

less than 30 percent of the employees and officers of our nation's banks," he said. "The Institute, through its study courses and allied activities, has something to offer bank people and we must encourage participation in Institute activities. We must prove that it is fatal for anyone engaged in the banking business to put a period behind his educational endeavor upon graduation from high school or college or even upon receiving our prestandard, standard or graduate certificates."

After graduation from the public schools, Mr. Hauser attended the Milwaukee Normal School and later the University of Wisconsin. He first entered banking in May 1918 as a messenger with the American Exchange Bank in Milwaukee. After the American Exchange Bank was merged with the First Wisconsin National Bank, he was elected an assistant cashier and was elected assistant vice-president in 1935. He was made vice-president in 1947.

Mr. Hauser became a member of Milwaukee Chapter of the A. I. B. in 1918 and since that time has served his chapter in a number of official posts. He has served on national committees of the A. I. B. seven times and was a member of the Executive Council from 1942 to 1944. He was elected vice-president of the Institute in June 1947.

Mr. Taylor has been a member of the American Institute of Banking since 1928; he holds the Institute's graduate certificate in both commercial and trust banking, and has taught several chapter classes.

He has held practically every top post in Richmond Chapter.

Business Development and Advertising Conference speakers. Left to right, Philip K. Barker, Granite Trust Co., Quincy, Mass., who spoke on "Advertising"; John N. Garver, Manufacturers & Traders Trust Co., Buffalo, who spoke on "Business Development"; Dale Brown, National City Bank of Cleveland, conference leader; and Peter R. Edmonds, Farmers and Mechanics Savings Bank of Minneapolis, Minneapolis, Minnesota

Educational Conference Panel on "Our Educational Problems and How We Approach Them." Left to right, H. D. Lawson, Suburban National Bank of Silver Springs, Md.; J. H. Hines, Deposit Guaranty Bank & Trust Co., Jackson, Miss.; H. J. Marshall, Bankers Trust Co., N. Y., leader; Mildred N. Whitby, National Bank of Olyphant, Pa.; J. C. Laughlin, Jr., Peoples National Bank, Seattle; and J. V. O'Neill, Title Guarantee and Trust Co., New York



Delegates at the final general session of the convention

Chapman Honored

(CONTINUED FROM PAGE 83)

his rugged individualism, and his generous spirit which led him to share every advantage with his fellowmen, the resolution said that "it was in this spirit that he organized the educational class which became the foundation of the American Institute of Banking."

"In the death of Mr. Chapman, the American Institute of Banking has suffered a great loss," the eulogy added. "By the adoption of this Memorial . . . at its 46th Annual Convention in the City of Buffalo, the Institute records its deep sorrow and acknowledges its great debt to a pioneer in banking education."

ber of the American Institute of Banking since 1928; he holds the Institute's graduate certificate in both commercial and trust banking, and has taught several chapter classes.

He has held practically every top post in Richmond Chapter.

Jones Debate Award

(CONTINUED FROM PAGE 83)

tional program of the Institute.

From this fund, cash prizes will be awarded to the teams which have won the national semi-final debate contests and thus the opportunity to participate in the final contest at the annual convention. In addition, expenses to the convention will be paid for members of the participating teams. This fund will be available for the debate program of 1949.

In commenting on Mr. Jones' gift, Dr. Stonier stated that "the educative processes are not confined to the accumulation of facts and theories. . . . Some of our finest Institute leaders and bankers began their Institute careers as debaters in local chapters. The first debate occurred in the early years of this century on the subject 'resolved that the present economic conditions require a central bank.' Two of the men who participated later became presidents of Federal Reserve banks."

Business Development and Advertising Conference speakers. Left to right, Philip K. Barker, Granite Trust Co., Quincy, Mass., who spoke on "Advertising"; John N. Garver, Manufacturers & Traders Trust Co., Buffalo, who spoke on "Business Development"; Dale Brown, National City Bank of Cleveland, conference leader; and Peter R. Edmonds, Farmers and Mechanics Savings Bank of Minneapolis, Minneapolis, Minnesota



Dr. William A. Irwin Gets Delegates' Tribute

Economist Was Educational Director for 10 Years

Dr. William A. Irwin, economist of the American Bankers Association and associate director, The Graduate School of Banking, who retired from the post of national educational director of the American Institute of Banking last September after 10 years of service with the Institute, was honored by the delegates to the 46th annual convention.

In a resolution presented at the opening business session of the convention by J. Kaye Ewart, of the National Bank of Washington, Tacoma, and a retiring executive councilman, convention delegates expressed their affection for Dr. Irwin; their appreciation of his outstanding contribution to the cause of chartered banking through the elevation of banking standards; and their gratitude and esteem.

The resolution was hand-lettered, bound in pin seal, and inscribed by the national officers and executive councilmen of the Institute, and was presented to Dr. Irwin at a meeting in New York City following the convention. Accompanying the scroll was a personal letter from the 56 present and past executive councilmen and national officers who served with Dr. Irwin.

The presentation was made by retiring President Carter.

At this same testimonial meeting, David T. Scott, of Boston, gave Dr. Irwin twin pieces of luggage, as a personal gift from the A.I.B.'s official family.

A few of "Dr. Bill" Irwin's close associates during his 10 years of service to the American Institute of Banking. *Front row, l. to r.,* A. B. A. Executive Manager Stonier and Dr. Irwin; *second row,* Councilman C. W. Brown, Sacramento, and D. T. Scott, Boston; *standing,* former Councilmen J. V. O'Neill, New York; E. C. Stevenson, Seaford, N. Y.; W. D. Carroll, Milwaukee; A. I. B. President Hauser; former presidents G. J. Greenwood, Jr., San Francisco; G. T. Newell, New York; and Garnett Carter, Atlanta

Committee Chairmen (CONTINUED FROM PAGE 84)

Jackson was vice-president of Winston-Salem Chapter and a member of the National Women's Committee in 1942-43, and was chairman of the Women's Committee in 1943-44. In 1946 she won the public speaking contest in district No. 3 and competed in the National Public Speaking Contest at the convention in Cincinnati. She was an Institute associate councilman from 1944-48.

Publicity Committee: Nell O'Connell, Hillcrest State Bank, Dallas. In 1944 Miss O'Connell won the public speaking contest in district No. 6 and was a contestant in the National Public Speaking Contest at the St. Louis convention. She was a member of the National Publicity Committee in 1946 and was Dallas Chapter president in '47-48.

Public Relations Committee: Harold J. Marshall, Bankers Trust Company, New York. Mr. Marshall was president of Schenectady Chapter in 1939-40; served as associate councilman in 1940-41; and was a member of the Public Relations Committee in 1945-46.

Public Speaking Committee: Francis G. Stradcutter, The Bank of California National Association, San Francisco. Mr. Stradcutter took second prize in the National Public Speaking Contest in 1944 and first prize in the 1946 contest in Cincinnati. He was a member of the Public Speaking Committee in 1947-48.

Women's Committee: Ellen L. Fisher. Miss Fisher was a member of the Debate and Public Speaking Committee in 1943-44 and of the Women's Committee in 1947-48. She was secretary-treasurer of Toledo Chapter in 1944-45.

14th G. S. B. Resident Session Sets Record

All previous attendance records were broken at the 14th annual resident session of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University, New Brunswick, N. J., from June 21 to July 3. The student body was made up of 960 bank officers and departmental managers. In addition, 60 faculty members, consisting of experts in various phases of banking, college and university professors, accountants, lawyers and government officials, lectured at the class room sessions.

A vanguard of 247 students composing the graduating class arrived in advance to take their oral theses examinations on Saturday, the 19th. The theses are a requirement of graduation. Junior classmen on the campus numbered 377 and freshmen, 336.

The appointment of Dr. David McCord Wright, professor of economics at the University of Virginia and author of "Democracy in Progress," currently attracting wide attention, was announced by Dr. Harold Stonier, G. S. B. director, on the eve of the school's opening. He lectured on the question, "Does Capitalism Make Sense?" and joined with other faculty economists in panel discussions of this subject.

Dr. Wright attended the University of Pennsylvania, and received his LL.B. degree at the University of Virginia, and his masters and doctorate at Harvard University.

Speaking Winners

(CONTINUED FROM PAGE 84)

the finalists at 10 A.M. on the day of the contest and they were judged on the presentation of convincing facts in an effective manner.

The other contesting speakers were: Lawrence A. Doherty, First National Bank, Minneapolis; J. W. Bell, Central State Bank, Oklahoma City; Raymond R. Righetti, Bank of America, Oakland; and Douglas P. Huegli, First National Bank of Portland, Ore.

A. E. Roemershauser, chairman of the Institute's National Public Speaking Committee, presided. He is affiliated with the Whitney National Bank of New Orleans.

Earnings of State Banks Rise, 1947; Profits Drop

While total operating earnings of the 9,002 state commercial banks increased 8.6 percent in 1947, net income decreased 15 percent under the 1946 totals, according to Elwood M. Brooks, president of the State Bank Division of the American Bankers Association. The 14th annual study of earnings and expenses of state supervised commercial banks shows that operating earnings of these banks amounted to \$1,422 million in 1947, an increase of \$112 million over 1946; however, net profits for the year amounted to \$349 million, a decrease of nearly \$62 million, or 15 percent.

Despite the drop in net earnings after taxes, the state supervised commercial banks in all of the states showed a net profit sufficient to meet all dividend requirements and, in addition, to substantially advance capital structure.

The greater part of the current operating income of banks, the report shows, indicates interest and dividends on securities amounted to over \$557 million, a decrease of \$44 million, or 7.3 percent under

(CONTINUED ON PAGE 88)



Convention Speeches

(CONTINUED FROM PAGE 83)

Mr. Dodge's interest in the A. I. B. dates back to 1917 when he was an instructor in Detroit Chapter.

* * *

"The vast majority of so-called 'business failures' are in reality human failures and personality faults," Kenneth McFarland, Superintendent of Schools, Topeka, Kansas, told the convention. "When you climb out of a rut, you must expect bumps. It is how the bumps affect you that determines your caliber. Little men are flattened by them and never get up again. Big men are molded, shaped, and tempered by them until they become those great, rugged giants that stand out separate and apart on the mountainside. The old Golden Rule philosophy is still the best basis for a successful business career."

* * *

"Good employee relations and good public relations go hand in hand," said S. H. Chelsted, vice-president, Peoples First National Bank and Trust Company, Pittsburgh, at the Bank Management Conference. "Show me a bank with good employee relations, and generally you'll find a bank with good public relations."

* * *

"Banks should advertise, first, because advertising is an excellent means of developing a favorable bank personality, second, because it is a duty of each bank to do its part to combat the group shown by public opinion polls as favoring government ownership of banks, and, third, because it is profitable," said Philip K. Barker, vice-president of the Granite Trust Company, Quincy, Massachusetts, at the Business Development and Advertising Conference.

* * *

"We cannot be political internationalists and, at the same time, economic isolationists," said David R. Berry, of the Chemical Bank and Trust Company, New York, in his prize-winning National Public Speaking Contest address on "New Horizons for International Trade." "In contrast to the economic thinking of the past, we now know that international politics is tremen-

Robert C. Rutherford



Rutherford New A.I.B. Associate Sec'y; Editor

Robert C. Rutherford, who has been assistant secretary of the American Institute of Banking for the past three years and associate editor of the *A.I.B. Bulletin* for the past year, has been named associate secretary of the Institute and editor of the *Bulletin*, it was announced by Dr. Harold Stonier, executive manager of the American Bankers Association, at the close of the annual convention.

Mr. Rutherford succeeds Floyd W. Larson, who is the national secretary of the Institute, as *Bulletin* editor. Mr. Larson will devote his entire time to the secretaryship.

Joined A.I.B. in '44

Mr. Rutherford has been identified with the banking business since 1919, when he was employed by the Union Bank of Canada in Manitoba. In April 1923 he became associated with the First National Bank of Minneapolis, with which he remained for 14 years. In 1937, he became executive secretary of Minneapolis Chapter of the A.I.B., and in November 1944 he joined the national organization as assistant to the secretary. On October 15, 1945 he was advanced to assistant secretary.

dously affected by international economics.

"If we are to attain new horizons of international trade, either the democratic nations of the world, with some sense of man's welfare, must join forces in raising levels of economic activity, or they should prepare behind their frail and self-defeating trade barriers for world chaos," concluded Mr. Berry.

General Ledger and Condition Statement Manual Is Revised

New Edition Reflects Changes in Procedure

Uniformity and standardization in bank accounting, reports, and statements are obviously desirable, says E. V. Krick, chairman of the A.B.A. Bank Management Commission, in the foreword of a revision of the manual, "Standards for Bank General Ledger Accounts and Statements of Condition and Operation." Mr. Krick is senior vice-president and cashier, American Trust Company, San Francisco.

The new manual brings up to date the Commission's earlier "Commercial Bank Management Booklet No. 20," and reflects changes in banking procedure from 1937 to 1947. An explanatory manual of income and expense accounts has been added.

In Two Parts

The publication is in two parts. Part I, "Balance Sheet Accounts," covers such subjects as: suggested chart of accounts; manual for chart of accounts; and suggested published statement of condition. Part II, "Operating Statement Accounts," includes: suggested form of profit and loss statement and manual of income and expense accounts.

The Commission recognizes that all procedures must be adjusted to meet the requirements of individual banks. The position of the various accounts conforms generally to the requirements of federal agencies as well as state banking authorities.

"The Bank Management Commission has prepared a suggested list of general ledger accounts with a definition of the items which each account should include," Mr. Krick says, "and all of these accounts have been arranged in a sequence which would facilitate the preparation of the various statements required by bank supervisory authorities. A suggested published statement of condition or balance sheet, and an operating or profit and loss statement have been set up.

"While any chart of ac-

Recent A.B.A. Mailings to Membership Listed

Here is a list of A.B.A. material mailed to member banks and others during May-June:

FARM LAND PRICES: "Farm Land Prices Continue Up-trend," a reprint from April BANKING giving the latest information on farm land price trends.

MODERNIZATION LOANS: Consumer Credit Bulletin No. 3 calling attention to recent amendments to FHA Title I modernization loans and urging banks to follow a similar procedure on their own property improvement plans without FHA insurance.

BUSINESS CONDITIONS: Survey of current business conditions relating to consumer goods field (Bulletin No. 4).

SCHOOL SAVINGS: Questionnaire asking for up-to-date statistics on bank school savings departments.

CONSUMER CREDIT: Delinquency survey report showing instalment loan delinquencies by classifications and regions to banks participating in survey.

OPERATIONS: Bookkeeper efficiency study test check of time elements by 500 banks with total assets under \$7,500,000, to selected group.

INSURANCE: Fourth revision of "Digest of Bank Insurance" to all subscribers. About 80 revised and supplemental pages showing important changes in bank insurance, particularly bankers blanket bonds.

MORTGAGE LOANS: Report of insured FHA mortgages under Titles II and VI, compared with all mortgages held, by classes of lenders, to selected list.

counts and statements necessarily must be adjusted to the requirements of the individual bank, it is felt that the principles set forth herein will do much to standardize bank accounting procedure . . ."

For this revision, the Commission is indebted to the following committee: O. T. Jones, controller, American Trust Company, San Francisco, chairman; Cecil W. Borton, vice-president, Irving Trust Company, New York; and Ottmar A. Waldow, vice-president and comptroller, National Bank of Detroit.

National Banks Plow 60 Percent of Profits Back Into Capital Funds

Net Profits Before Dividends Off 8.4%

Sixty percent of the total net profits of the national banks of continental United States in 1947 was plowed back into capital funds to add strength to the banking structure, according to Gordon D. Palmer, president of the National Bank Division of the American Bankers Association, and president of the First National Bank, Tuscaloosa, Ala. Mr. Palmer discloses that the increases brought the capital funds total to \$5,407 million by the year-end 1947. The report also shows that assets of the national banks expanded nearly 4.2 percent to \$88 billion, a sum exceeded only in 1945. "There was a considerable change, too," he said, "in the employment of these funds. Average holdings of investments, based upon the three condition reports, decreased 10.4 percent, while loans and discounts advanced 26.8 percent. The over-all result of these changes was a decrease of 1.4 percent in the average volume of loans and discounts and investments, and their failure by 1.5 percent to maintain their 1946 ratio of 76.5 percent to total assets."

Net profits of the national banks went down in 1947, de-

Trust Division Has New Operating Forms

Because of a recognized need for improvement in the present system of docket forms and administrative check sheet for decedents' estates, especially in many medium-sized and smaller trust departments, the Committee on Operations of Trust Departments of the A.B.A. Trust Division has prepared a set of sample forms.

Docket forms include: Trust under will, executor or administrator, trust under agreement, guardianship, and custody-agency-safekeeping.

Samples of the administrative check sheet and of the trust under will have been mailed to Trust Divisions members.

In spite of the increase in gross earnings. "Gross earnings," Mr. Palmer said, "were 9.6 percent higher than in 1946. Net profits before dividends, however, were 8.4 percent lower. The reduced net earnings, in spite of a steady gross rate on investments and a slight improvement in the loan rate (which, nevertheless, was lower than in any year prior to 1944) are attributable largely to an increase of 11.3 percent in operating expenses. Taxes were a little higher; salaries and wages increased 15 percent; recoveries and profits on securities were down considerably; and losses on loans, in excess of recoveries, were up sharply."

State Bank Deposits Increased 3.4% In '47

The 17th annual report of the Condition and Operation of State Banks shows that the 9,603 state supervised banks had aggregate assets on Dec. 31, 1947 of more than \$86,840 million, according to J. Harvie Wilkinson, Jr., chairman of the Committee on State Bank Research of the American Bankers Association. Total deposits of all state supervised banks amounted to over \$79,716, an increase of \$2,626 million, or 3.4 percent. Of this amount, \$61,958 million was held by state commercial banks and \$17,759 by mutual savings banks.

Demand deposits, which continued to increase during 1947, reached an all-time high of \$36,937 million, an increase of \$1,310 million, or 3.7 percent, Mr. Wilkinson's committee reports. Time deposits showed a gain of \$1,545, or 4.8 percent, to a total of \$33,406 million. Other deposits aggregated \$9,374 million, a decrease of \$228 million at the year-end.

"Indicative of the extent to which the banks are serving their communities," Mr. Wilkinson said, "is a gain of \$3,198 million in loans and discounts, bringing the loan aggregate at the close of 1947 to \$21,555 million. The percentage of loan and discounts to total assets was 24.8 percent."

The total capital funds of state supervised banks on Dec. 31 amounted to \$6,566 million.

52 New Members Added to A.B.A.

Fifty-two banks were enrolled as members of the American Bankers Association during April-May and five members were regained, according to Max Stieg, cashier, Dairymen's State Bank, Clintonville, Wis., and chairman, A.B.A. Organization Committee.

The Association's membership average for the nation is now over 97 percent, with several states within one or two banks of the 100 percent mark.

State Bank Earnings

(CONTINUED FROM PAGE 86)

1946. This item amounted to 39.2 percent of total earnings. Interest and discount on loans totaled \$561 million, an increase of more than \$136 million, or 32.2 percent. The percentage of total earnings derived from interest and discount on loans was 39.5 percent.

Total operating expenses in 1947 aggregated \$938 million, an increase of \$108 million, or 13 percent over 1946.

Salaries and wages of officers and employees accounted for 49 percent of current operating expenses, and were 32.4 percent of total operating earnings.

In the country as a whole, the percentage of net current operating earnings to total operating earnings was 34 percent, compared to 36.6 percent in 1946 and 37, in 1945.

CALENDAR

American Bankers Association

- Sept. 26-29 Annual Convention, Book-Cadillac and Statler Hotels, Detroit, Mich.
- Oct. 13-15 Western Regional Trust Conference, Multoman Hotel, Portland, Ore.
- Nov. 4-5 Mid-Continent Trust Conference, Drake Hotel, Chicago, Ill.

State Associations

- July 11-16 Carolina Bankers Conference, Chapel Hill, N. C.
- Aug. 2-13 Pacific Coast School of Banking, University of Washington, Seattle, Wash.
- Aug. 5-6 West Virginia, Greenbrier Hotel, White Sulphur Springs
- Aug. 16-20 Kentucky School of Banking, University of Kentucky, Lexington, Ky.
- Aug. 16-23 New York, School of Agriculture, Cornell University, Ithaca
- Aug. 22-28 Arkansas, Seminar, University of Arkansas, Fayetteville
- Aug. 23-Sept. 4 Central States School of Banking, University of Wisconsin, Madison, Wisc.
- Oct. 3-4 Vermont, Fall Meeting, Wanmeck Hotel, Jefferson, N. H.
- Oct. 25-27 Iowa, Hotel Fort Des Moines, Des Moines
- Nov. 10-11 Nebraska, Hotel Fontenelle, Omaha

Other Organizations

- Aug. 16-28 School of Financial Public Relations sponsored by Financial Public Relations Association, Northwestern University, Chicago, Ill.
- Sept. 12-19 New York State League of Savings & Loan Associations, Saranac Inn, Saranac, N. Y.
- Sept. 16-18 Savings Banks Association of Massachusetts, New Ocean House, Swampscott, Mass.
- Sept. 19-22 Savings Banks Association of Maine, Poland Spring House, Poland Spring, Maine
- Sept. 22-24 Mortgage Bankers Association of America, Hotel Commodore, New York
- Sept. 24-26 Association of Bank Women, Hotel Fort Shelby, Detroit, Mich.
- Oct. 7-9 National Safe Deposit Association, Hotel Somerset, Boston, Mass.
- Oct. 8-9 Savings Banks Association of Connecticut, Equinox House, Manchester, Vt.
- Oct. 10-13 National Association of Bank Auditors and Comptrollers, Ansley Hotel, Atlanta, Ga.
- Oct. 25-27 Robert Morris Associates, Statler Hotel, St. Louis, Mo.
- Nov. 4-6 Savings Banks Association of the State of New York, Hotel Traymore, Atlantic City, N. J.
- Nov. 8-12 United States Savings and Loan League, New York, N. Y.
- Nov. 29-Dec. 2 Financial Public Relations Association, Hollywood Beach Hotel, Hollywood, Fla.

Facing Facts on Consumer Credit

(CONTINUED FROM PAGE 58)

should be evident in the average monthly rate of increase. But this does not seem to be the fact. The highest average monthly rate of increase since January 1, 1946, is \$300 million. This was the rate of increase for the first postwar year of 1946. Over the greater part of 1946, Regulation W was in full effect, controlling not only instalment credit but also charge accounts. Moreover, production and prices were lower and national income was considerably below the levels of the succeeding periods.

In 1947 the average monthly increase dropped roughly to \$268 million. The postwar low in average monthly increase, however, was for the six months since the expiration of controls. From November 1, 1947 to April 30, 1948, the monthly average increase in consumer credit amounted to \$257 million. I do not know, of course, what is in store for the remaining months of 1948. It can only be said on the basis of the presently available facts that the expiration of controls did not lead to a "run-away" of consumer debts.

TOTAL INCREASE OF CONSUMER CREDIT (in millions of dollars)	AVERAGE MONTHLY RATE OF INCREASE (in millions of dollars)
1946	294
1947	268
For six months after decontrol (Nov. 1, 1947 to April 30, 1948)	257

The opinion that the expiration of Regulation W has led to a great expansion of consumer credit finds even less support in the record of the first quarter of 1948. Here we note that the average monthly increase amounted to the small sum of \$53 million, as compared with \$117 million in the first quarter of 1947 and \$185 million in the first quarter of 1946, both of which years were operating under the restrictions of Regulation W. Moreover, the low figure for the first quarter of 1948 is even more striking in view of the fact that the disposable income was running at a rate approximately \$45 billion higher than for the first quarter of 1946 and \$14 billion higher than for the same period of 1947. In other words, it appears that consumers with more goods to buy at higher prices increased their outstanding debts by a smaller amount in the first quarter of 1948, after Regulation W, than in the first quarter of 1946 and of 1947 when Regulation W was still in effect.

AVERAGE MONTHLY RATE OF INCREASE OF CONSUMER CREDIT (in millions of dollars)	ANNUAL RATE OF DISPOSABLE INCOME (in billions of dollars)
1st Quarter of 1946 With Regulation W	138
1st Quarter of 1947 With Regulation W	168.8
1st Quarter of 1948 Without Regulation W	183

July 1948

Turning to instalment credit, we find a pattern somewhat different than for consumer credit as a whole. The 1941 level of \$5,924 million of instalment credit was not exceeded until December 1947, when a total of \$6,156 million was reached. Instalment sales credit for the purchase of automobiles, refrigerators, radios, etc., is still short of the 1941 level of \$3,744 million. The April 30, 1948, figure for instalment sales credit is \$3,141 million and has more than \$600 million to go before it equals the 1941 record level. This lag in instalment sales credit is particularly significant in view of the fact that prices of durable goods are running approximately 60 per cent higher than in 1941 and that the total volume of durable goods sales in dollars is running more than double the volume of 1941. It would appear, therefore, that consumers as a whole are still buying on a cash basis to a larger extent than in the prewar years.

December-January Paradox

Examining the period from January 1, 1946 to April 30, 1948, we find that the largest increase of instalment credit for any single month was for December 1947, or \$423 million, when controls were no longer in effect. But the next highest monthly increase of \$330 million was for December 1946, when Regulation W was in force. It is worth noting also that the month of January 1948 shows a smaller increase of instalment credit than for any month of the last 28, except for January 1946.

The average monthly increase of instalment credit for the six-month period since decontrol has been greater by some \$30 million than for a similar period of 1946-1947. Comparing the behavior of instalment credit for these two six-month periods, we find the following:

TOTAL INCREASE IN INSTALMENT CREDIT (in millions of dollars)		
	During Regulation W, from November 1, 1946, to April 30, 1947	Without Regulation W, from November 1, 1947, to April 30, 1948
Increase in:		
Automobile credit	287	429
Appliances	264	342
Personal loans	527	502

What accounts for this average monthly acceleration of \$32.5 million? To some extent the increase may reflect the results of an easing of terms, but this is only one of the factors involved. Durable goods were in much greater supply at higher prices. Employment totals were much higher and the national income had increased. Largely because the goods were available, more people were able to buy, and consequently instalment purchase contracts increased in number over the 1946-1947 period.

It is, of course, impossible to disentangle these factors and to identify them as responsible for this or that number of millions of dollars of instalment credit increase. It is reasonably safe to venture, however, that had Regulation W remained in effect the results would not have been much different from what they are.

Methods & Ideas



Metered Mail Messages

THE philatelic display on this and the opposite page shows BANKING's collection of the little colored ink messages that appear with the postal cancellation on mail we have received from banks. (Those shown are one-half actual size.)

The obvious story told by the pictures is that the envelope can be an effective vehicle for promoting both bank and public services. A brief survey of the collection shows that these metered mail messages divide into a few general categories: direct bank advertising, institutional promotion, friendly plugs for the community, and reminders of national events such as the Red Cross and cancer drives.

Bank services advertised include business, mortgage, FHA, consumer, automobile and personal loans; checking accounts; safe deposit boxes; bank-by-mail; letters of credit; savings bank life insurance and trust service. It's surprising how much copy can be squeezed into so small a space—for example: "For Carefree Vacations Use Letters of Credit and Travelers Cheques"; "Mortgage Loans, Improvement Loans, Personal Loans, Automobile Loans"; "Low Cost Savings Bank Life Insurance; Ask for Free Booklet."

Here are some community themes spotlighted: "Boston, Hub of the Air Universe"; "Come to Memphis Cotton Carnival—the Nation's Party in the Land of Cotton"; "Pittsburgh's Pros-

perity Is Your Prosperity"; "Omaha—Second Largest Livestock Market and Meat Packing Center. Let's Make It First."

These are a few institutional slogans: "Serving Pike's Peak Region Since 1874"; "Chartered in 1867 as The Peoples Bank, Still the People's Bank"; "Owned by the Home Folks"; "My Bank' to Over 300,000 Depositors"; "The Friendly Bank"; "Where Your Friends and Neighbors Bank"; "The Friendly First: Faithful to Every Trust."

One bank calls attention to the "Junior Achievement Program." There are also forest fire prevention reminders, one bank adding "Keep Florida Green." United States Savings Bonds and local community chest campaigns also get publicity on bank envelopes. One bank's stamp reads: "Protect Your Freedom. Vote June 1."

As you'll note, many of the messages are decorated with tiny pictures. A Georgia bank, for instance, uses a state map locating each branch office.

"Money Saved Now Will Buy More Later" is in line with the anti-inflation campaign, while "Financing Is Our Business" sums up succinctly.

But we're running out of space. After all, the pictures tell the story!

Bank Aids Flood Communities

To assist in meeting community needs resulting from the Columbia River floods, Maxwell Carlson, president of

the NATIONAL BANK OF COMMERCE, Seattle, made an on-the-spot survey of disaster areas in central and southern Washington served by the bank's branches in the Columbia valley.

Mr. Carlson, accompanied by Vice-president Ross P. Williams, covered 1,400 miles on the trip, made at the height of the floods. The bankers conferred with local business men and officers of the branches, canvassing, so far as possible, the probable damage and reconstruction problems.

The survey trip followed immediately a statement by the bank pledging aid to the flood victims. In a newspaper advertisement it said:

"In accordance with the long-established National Bank of Commerce policy of building the communities it serves, we will extend help to rebuild homes and business property, and for other necessary purposes, to the full extent legally possible while safeguarding depositors' money.

"We will also help in obtaining emergency loans through an aid program just announced by the Reconstruction Finance Corporation."

This statement was published in Seattle and in branch areas struck or threatened by the flood.

Opportunity Knocks

The SECURITY-FIRST NATIONAL BANK of Los Angeles published in pregraduation issues of numerous high school and college newspapers an advertisement

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addressed to young people who might be interested in getting a job with the bank.

Headed "Senior Men and Women: Is This Opportunity Knocking?" the copy called readers' attention to "a career in banking with one of the West's oldest, largest, most distinguished banks . . . a respected position, with prestige in the community."

The bank went on to say: "We want to train men and women for banking careers—beginning with such important jobs as bookkeepers, tellers, stenographers, typist-clerks. You'll get full salary during training period, pleasant working conditions, and opportunities for advancement. You'll have working associates in your own age group, vacations with pay, and, in many instances, an opportunity to work in a branch near your home."

A coupon requesting a job application blank was at the bottom of the advertisement.

Pictorial Tour

The CENTRAL NATIONAL BANK of Yonkers, New York, received so many compliments on the general layout and design of its enlarged quarters that President Harlan H. Griswold decided to publish a brochure describing some of the outstanding features of the remodeled premises.

The folder, done in offset, takes the reader on a pictorial trip around the bank, showing the tellers' cages, a com-

mittee room, officers' space, the board room decorated with a large photomural of the city, a private conference room, the posting department, the room where employee conferences are held, and other features. Each picture is accompanied by a brief textual explanation.

One page of the folder is devoted to pictures that illustrate the use of the bank's services by the public.

Pension Plans

CENTRAL HANOVER BANK AND TRUST COMPANY of New York has reprinted in booklet form a series of non-technical articles covering recent developments, basic principles and background information about pension and profit-sharing plans. The material first appeared in the bank's monthly *Pension Bulletin*.

The booklet, *Pension Planning Fundamentals*, says that lowering the retirement age to 60 would cost about 50 percent more than if the same benefits were to start at age 65; contributions would cease five years sooner and payments would begin five years earlier.

Sixty-five will remain the customary retirement age in private pension plans, the bank believes, and will change only if Social Security benefits are paid at an earlier age. Recently some unions have urged a retirement age of 60, but a study of the factors involved shows that even if the company pays half the increased cost the contributions

by employees would be almost prohibitive.

An analysis of 100 important plans adopted during 1944 and 1945 shows that 48 required contributions by employees, while in 1936 to 1943 it was estimated that 85 percent of all plans were contributory. However, the wartime trend has been reversed during the past few years and contributory plans are now more favored.

Of the 100 retirement plans analyzed only eight provide minimum pensions. This record, the bank says, may be misleading because there seems to be a trend on the part of companies adopting plans today to include some minimum pension, particularly when the plan includes workers paid at hourly rates. Forty-eight of 100 plans analyzed have a provision for a maximum pension.

Employee Manual

Another bank employee manual has come to BANKING's desk. This one is for the staff of the AMERICAN NATIONAL BANK AND TRUST COMPANY of Chicago.

Illustrated with action photographs taken in the bank, the pamphlet is primarily for new staff members. It gives a brief history of the bank, describes its functions and services, explains personnel policies and employee benefits, and discusses customer relations and new business.

"The public quickly senses," it concludes, "whether dignity and a spirit of harmony and unity exist within an

organization. Let's be sure that our tone of voice, our conversations, and our actions at all times create and preserve these impressions and add to the confidence which our customers must have in our institution."

Nursery Rhymes

STATE-PLANTERS BANK AND TRUST COMPANY of Richmond, Virginia, has developed some unusual advertising material for the promotion of trust business.

Coordinating nursery rhymes with trust copy, the series comprised three newspaper ads. First, "Old Mother Hubbard" gave a plug for life insurance.

Accompanying the verse and a picture of the good woman and her dog, copy said: "There's no way to give a Hollywood ending to the story of Old Mother Hubbard. Her cupboard was bare, and that's all there is to it. Unfortunately, emptiness and insufficiency are not restricted to nursery rhymes. In everyday life, the bare cupboard is a thing all too common, particularly with regard to estates that have been depleted to pay death taxes, debts and other charges. Life insurance is one of the most effective ways of providing cash for loved ones left behind . . ."

"Rub-a-dub-dub" was a general appeal for estates, calling attention to the



State-Planters' boost for life insurance

Georgia Discovers Additional Mineral Deposits

Rich deposits of felspar, one of the raw materials used for the manufacture of pottery, china, and glassware, have recently been uncovered in middle Georgia. With the mining of these newly found deposits, Georgia will have in large quantities 85% of the raw materials needed for the rapid development of its already flourishing ceramic industry.

What helps Georgia helps us, and through us, our family of correspondent banks.

WE INVITE YOU TO JOIN OUR GROUP



The **Fulton** NATIONAL BANK
COMPLETE SERVICE AT 5 OFFICES IN METROPOLITAN AREA OF ATLANTA

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"ON LOCATION"



We are thoroughly prepared in every department to render prompt service to correspondents in all 48 states . . . and abroad. Large corporations also find our facilities, location and contacts most helpful.

Make American Security your Washington Bank.

American Security
& TRUST COMPANY

WASHINGTON, D. C.
Daniel W. Bell, President

Member Federal Deposit Insurance Corporation • Federal Reserve System

services available to small as well as large ones. This was also used as a statement stuffer.

"Humpty-Dumpty" stressed proper estate planning, the lesson being that "many things happen which at the last stage cannot be corrected, yet with foresight might have been avoided entirely." This was reprinted as a folder for distribution to a select list of trust prospects.

Radio Report to Depositors

Bank figures which run into the millions can become a dull form of reporting. Given a live voice and handled in the popular questions and answers style, bank reporting can be made more interesting to the public, and have far-reaching public relations possibilities.

COMMUNITY SAVINGS BANK of Rochester, New York, had this thought in mind when on June 3, 1948, Charles W. Carson, the bank's president, made a personal report to depositors and the public by radio.

A month before the radio report, the staff of COMMUNITY SAVINGS BANK was informed of the proposed plan and asked to participate in its preparation by inquiring of depositors what information they would like to have about the bank.

As expected, the question asked most frequently had to do with the dividend rate. Among the other questions depositors asked and the president answered, were: How is the money invested? What is the surplus fund? What protection is given to depositors? Who pays for F.D.I.C. insurance? How do banks compare with industrial organizations in the treatment of employees? Why do banks close on Saturdays? Why doesn't COMMUNITY SAVINGS BANK have checking accounts? What is the limit of deposits?

Excerpts from the radio report have



As an echo of **BANKING's** June article, "The Cashier Started Teaching," the picture above shows W. J. Capehart, executive vice-president of the First National Bank at Orlando, Florida, addressing members of a committee from the first public school classes in banking at Orlando. This is part of a program of teaching banking in the public schools of Florida, with public school instructors and banker advisors. The plan is endorsed by the Florida State Superintendent of Public Instruction and is now sponsored by the Florida Bankers Association. All Orlando banks are cooperating in the program. More than 500 Orlando High School students have finished the first banking course

been included in the bank's printed semi-annual statement.

Bank Sponsors Reports Contest

The DETROIT TRUST COMPANY is again sponsoring a state-wide survey of annual reports published by Michigan companies. As in 1947, the bank is offering bronze plaques and merit certificates for the best reports to stockholders and to employees. There will also be special awards for the best combined reports.

"We are repeating our annual report survey because we have had so many indications that the 1947 program had beneficial results," said President Selden B. Daume. "New reports now appearing indicate that more Michigan firms are now alive to the value of annual reports as a communication medium.

"We want to encourage this trend as much as possible because we feel that annual reports are an important means of improving the layman's understanding of the financial aspects of business."

The directors of the Savings Deposit Bank Company, Medina, Ohio, have been attending a refresher course in banking (below). The classroom, in this case the directors' room in the bank, is presided over by a representative of a Detroit firm of economists. After a beginning period of frequent classes, the directors will meet as a class every three months



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Our first hand knowledge of Pacific Northwest business and products is available to correspondent banks. Your inquiries will receive prompt attention.

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"The Bank of Business"

Second at
Marion



Seattle
11

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Do Your Directors Read BANKING's Newsletter?

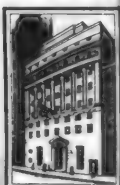
A staff of experts weighs factors in the national economic picture and the results are presented monthly in **BANKING's Newsletter**.

Proposed legislation affecting banking; foreign aid; domestic issues—all these and more are examined for a monthly summary of current and future trends.

FOREIGN REMITTANCES

We specialize in forwarding of funds abroad for our banking friends with or without Foreign Departments. Our remittance services include commercial, benevolent and living expense payments abroad by cable, mail or airmail.

Experience developed over the years, and close friendly relationships with worldwide correspondent banks are available to assist domestic banks to establish or extend their own remittance service. We welcome your inquiries.



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BANK AND TRUST
COMPANY OF NEW YORK

Main Office: 37 Broad Street

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TO MICRODEX

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MICROFILMING GIVES YOU:

- 98% saving in filing and floor space.
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MICRODEXING GIVES YOU 5 PLUS VALUES:

- You control the operation and inspection of every phase of your microfilming.
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- Your micro-records incorporate controls designed to prevent mishling.

You can buy or rent Film-a-record—immediate delivery. The Microdex indexing system is available at nominal cost and can be used with whatever make of microfilming machine you now have. Write for our free booklets on Film-a-record and Microdex.

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POR GREATER BANKING EFFICIENCY—USE PHOTOGRAPHY

Remington Rand

THIS IS NOT WORTH THIS \$1.00

POSTAGE \$110,000.00
OUR COST 25¢

SAVE WISELY SPEND WISELY
AND IT WON'T HAPPEN HERE
OPEN YOUR SAVINGS ACCOUNT HERE NOW

The Farmers and Merchants National Bank of Nashville, Illinois, used its window bulletin board to dramatize the anti-inflation campaign. The Chinese money and postage stamps demonstrated what can happen when things get out of control

Thirty-seven awards will be made. Competing companies will be classified in six groups, based on the number of their employees.

News About Banks

CORN EXCHANGE NATIONAL BANK AND TRUST COMPANY of Philadelphia is now awarding a plaque to the branch office that shows the largest periodical percentage growth in deposits.

THE BANK FOR SAVINGS, New York City, is holding its third annual travel

exhibition where visitors see dioramas, displays, kodachromes and posters featuring vacation spots in this and other countries. Travel literature is available.

The Westfield Office of UNION TRUST COMPANY of Jamestown, New York, celebrating its 100th birthday, placed in the window the old cash book in which its first deposit was made.

NATIONAL BANK OF COMMERCE, Seattle, has acquired the Pioneer State Bank of Goldendale, Washington, and will operate it as a branch office.

Some of the Bank of America achievement awards presented to more than 600 high school seniors in the Los Angeles City School District with, left to right: G. Millage Montgomery, assistant superintendent of schools, A. J. Gock, chairman of the board, Bank of America, Betty Gamez, Frances Lindsey and Walter Braunschweiger, executive vice-president, Bank of America. Certificates, trophies and more than \$7,000 in cash prizes were given in recognition of citizenship, leadership and scholastic achievement





President Fred F. Florence, right, of the Republic National Bank, Dallas, presents the scholarship check to John Morrow, S. S. Kuapp, principal of John's high school, is at the left

Bank Scholarship Winner

Carrying out a program inaugurated 12 years ago, FRED F. FLORENCE, president of the Republic National Bank of Dallas, recently awarded a scholarship to Southern Methodist University to the winner of a thrift essay contest among the students of Dallas high schools.

The 1948 winner, John Morrow, 17, characterized thrift as "the deliberate and systematic practice of economy, which enables capital to accumulate for investment in business and industry." He stressed the importance of practicing thrift as a matter of habit.

Approximately 1,000 seniors participated, each writing a 300 to 500 word essay. Six runners-up for the scholarship were presented with \$25 cash prizes by Mr. FLORENCE.

A checking of past winners of this scholarship revealed that each young person had gone ahead to finish his college education.

Boston—Past and Present

Ship models, figureheads, old fire buckets, sea chests, boarding pikes, and pictures help to carry out the Colonial motif of the new trust department offices at the STATE STREET TRUST COMPANY, Boston.

The offices, which include three conference rooms and a library, are paneled in white pine. On their walls are rare paintings and prints of the old city, of its English namesake, of pilot boats and other objects and scenes that recall Boston's past.

The nautical theme is dominant. One room, for example, contains the wheel and side planks of the ship Jamestown that carried food to relieve the famine in Ireland a hundred years ago.

The collection of pilot boat paintings, hung on the walls of the department, is

one of the finest extant. Three of the pictures were presented to the bank by Captain Nathaniel Abbot of the present Boston pilots' association.

President Allan Forbes says the STATE STREET is interested in pilot boats because they symbolize the work of the trust department, "which is devoted to piloting the affairs entrusted to its care through the difficulties and hazards involved in the management of property."

Fourteen translucent window shades bear scenes of old Boston, painted by Nils Hogner, New York artist. Faneuil Hall, Boston Common, the John Hancock house, Bunker Hill monument and the Paul Revere house are among the familiar landmarks reproduced by the artist.

A reporter for the Christian Science Monitor asked Mr. Forbes how he got

the idea for the department's decorative plan.

"Well," he said, "it's just one of those things that come to you in the middle of the night."

The rooms were open for public inspection from June 1 to 11.

A Bank at Work

The LAFAYETTE (Indiana) NATIONAL BANK has published a pictorial brochure which takes the reader on a tour of its newly remodeled quarters.

Beginning with general views of the lobby, the photographs show the directors' room ("in this room policies are made"), the president's office, officers' space, the new account desk, and then the work done by the tellers, bookkeepers and other customer service members of the staff. The operations performed by the various departments are ex-



THIS is Cincinnati...

... The Fifth Third Union Trust Co. has played an important role in the development of Cincinnati's industries. Thus, we are well-equipped to serve you with a complete correspondent service. The officers of our staff have a thorough knowledge of business problems in this area... and a deep understanding of the needs of correspondent banks. If you have not already become acquainted with Fifth Third service, we would welcome an opportunity to talk with you about it.

the FIFTH THIRD UNION TRUST co.

CINCINNATI, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORP. • MEMBER FEDERAL RESERVE SYSTEM

SUNDAY MONDAY

TUESDAY

WEDNESDAY

THURSDAY

FRIDAY

SATURDAY



'Round The Week and 'Round The Clock Our Transit Department Works

To Speed Your Items

Every Night ... Beginning at 5:00 P. M. the night transit department of Mercantile-Commerce works to speed your items to their destinations without the loss of a day.

Every Saturday ... Beginning at 8:00 A. M. a large transit department staff starts working to avoid any weekend delays. This plan is also used on Sundays.

Just another feature of Mercantile-Commerce service to its hundreds of correspondents. YOUR inquiry is invited.





**THE NEW DOWNEY-JOHNSON
MODEL 20 PH
Portable Coin Counter**

Will count, wrap and bag pennies, nickels, dimes, quarters and halves. Equipped with Re-set Counter

\$198.50
F.O.B. Chicago
Including federal tax

Complete Bank Equipment

Commercial Stationery Co.
325 West Madison St., Chicago 6, Ill.

plained briefly; pictorial emphasis is on the bank's personnel.

Holiday Reminder

The COLONIAL TRUST COMPANY of New York gives a new touch to its notice of an approaching legal holiday. Signs notifying customers that the bank will observe the day now look like this:



"Our new signs," says President Arthur S. Kleeman, "will reflect our friendly attitude and our appreciation of our customers. They should also help to dispel the out-dated and unjustified feeling that banks are cold and indifferent to the needs of their clients."

Centennial Exhibit

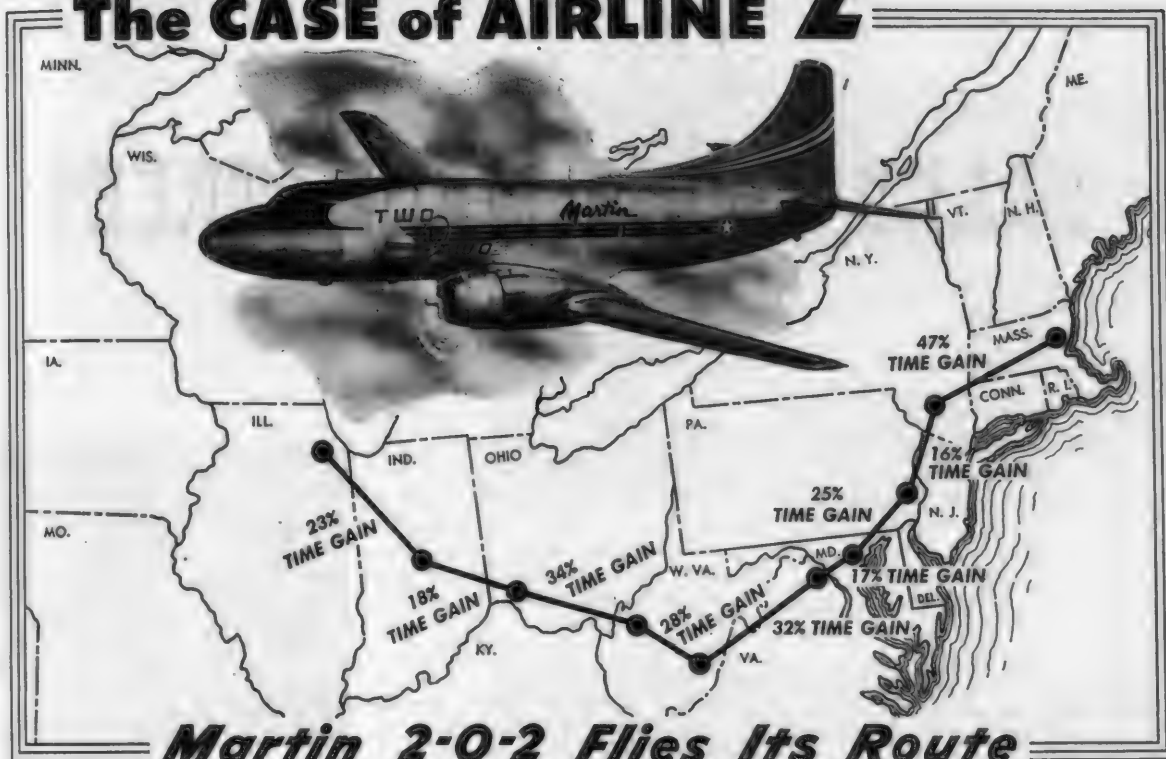
An exhibit of New York newspapers and periodicals of a century ago featured the 100th anniversary celebration of the UNION SQUARE SAVINGS BANK, New York City.

The bank officially opened for business on July 1, 1848, as the "Institution for the Savings of Merchants." It has been known under its present name since 1905.

Paterson (N. J.) Savings and Trust Company had a stockholders' "open house" on its 79th birthday. The occasion also marked completion of a major modernization job on the bank's quarters



The CASE of AIRLINE Z



Martin 2-O-2 Flies Its Route 25% Faster than Prewar Plane!

HERE ARE THE FIGURES!

FLIGHTS	Using Martin 2-O-2	Using Standard Prewar Plane
Boston to New York	45 min.	85 min.
New York to Philadelphia	37 min.	44 min.
Philadelphia to Baltimore	30 min.	40 min.
Baltimore to Washington, D. C.	20 min.	24 min.
Washington, D. C. to Elkins, West Va.	30 min.	74 min.
Elkins, West Va. to Parkersburg, West Va.	31 min.	43 min.
Parkersburg, West Va., to Cincinnati	51 min.	77 min.
Cincinnati to Indianapolis	40 min.	49 min.
Indianapolis to Chicago	52 min.	68 min.

*Did you miss "The Case of Airline X" or "The Case of Airline Y"? We'll be happy to send you copies.

MANUFACTURERS OF: Marvinol resins (Martin Chemicals Division) • Martin 2-O-2
airliners • Advanced military aircraft • Revolutionary missiles and rockets • Aerial
gun turrets • **DEVELOPERS OF:** Rotary wing aircraft (Martin Rotawings Division) •
Mareng fuel tanks (licensed to U. S. Rubber Co.) • Honeycomb construction material
(licensed to U. S. Plywood Corp.) • Stratovision aerial rebroadcasting (in conjunction
with Westinghouse Electric Corp.) • **LEADERS IN RESEARCH** to guard the peace and
build better living in many far-reaching fields.

MINUTES count when you're flying short-hop routes, because they're the places where profits leak away. That's why the Martin 2-O-2's time-gaining speed and much greater payload capacity are great news for airlines! This modern airliner offers high-speed luxury service to shorten schedules, attract more passengers and generate more traffic in cities with airports too small for most other airliners. The 2-O-2 can serve these smaller airports because it is CAA-approved to take off and land with maximum load in the shortest distance of any postwar airliner. It carries 36 passengers to the standard prewar twin-engine plane's 21. And its simplified loading, unloading and servicing means shorter stops between hops.

Airline Z is a typical example! Based on actual performance figures, a Martin 2-O-2, being 50% faster than pre-war planes, on this hypothetical route would save almost 2½ hours between Boston and Chicago. That is a minimum saving of 25% in route time. Thus, the 2-O-2 would be landing in Chicago while the prewar plane was only halfway between Parkersburg, West Va., and Cincinnati, Ohio. And these figures assume the same ground time for both planes. *Actually*, the Martin 2-O-2 would save still more time because it requires less time on the ground between landing and taking off! Just additional velvet on the 2-O-2.

Here's one more example of why the Martin 2-O-2 . . . *the world's top twin-engine* . . . is the plane to put airlines *in the black!* For full details, write today to: The Glenn L. Martin Company, Baltimore 3, Maryland.

Martin

AIRCRAFT

Builders of 'Dependable'



Aircraft Since 1909

HEARD ALONG MAIN STREET



The Chief Knows His Wampum

CHIEF SALIGO Tso and four of his Navajo tribesmen, in New York for the international travel show at a mid-town exhibition hall, had taken time off from their duties at the Arizona booth and were exploring the canyons of the financial district.

The Indians' interest in Wall Street was probably exceeded by Wall Street's interest in them, and it was indeed a pre-occupied banker, broker or new-look secretary who didn't pause for a second glance at the little party as it ambled through the crowded streets, and then look anxiously around to make sure others saw the same thing.

The chief and his pals wore the choicest items in their wardrobes. Saligo Tso was big medicine in his purple shirt, beaver cap with eagle feather, buckskin leggings and moccasins, and turquoise-studded bracelets and rings.

Chief Saligo Tso watches Mrs. Mildred F. May of the Valley National Bank, Phoenix, sign the guest book at the Chase



Etsitty Yazzie made an earful as well as an eyeful. Like the others, his raiment included the traditional Navajo serape, and he heralded the approach of the procession by beating a tom-tom. Hosteen Agani Ni Baad and Ishkee Yazzie, with his bride, Estan Nez, completed the delegation.

The tourists' itinerary included a visit to the Chase National Bank. There, in the main banking room on Pine Street, they were met by Vice-president GEORGE D. SMITH who was doing the honors because he has charge of the bank's business in the western states.

Then they visited the famous Chase collection of moneys of the world. Chief Saligo Tso and company were duly impressed by the Eskimo fish money, cloth currency from the Congo, Siamese spirit money, and a 100-pound circular stone used as coin of the realm on the Island of Yap. (From its weight, you might assume it had been part of the reserve.) The visitors also saw some rare examples of United States currency, and Saligo Tso proudly identified portraits of George Washington and Abraham Lincoln.

Then someone asked, "Well, chief, what do you like best?"

Silver bracelets tinkled as the eminently practical Navajo pointed a brown finger at the case containing specimens of Federal Reserve notes.

"This good," said Saligo Tso. And everyone agreed that here was a man who really knew his wampum.

At this point in the story BANKING must admit that it wasn't present and therefore neither saw nor heard what happened next. However, we have no hesitancy in relaying the grand climax, as reported to us.

It seems that Saligo Tso, pressed for a specific preference among the many



Henry J. Rohlf, left, assistant cashier of the Continental Illinois National Bank and Trust Co., Chicago, receiving from Robert O'Boyle the American Legion citation awarded to the bank in recognition of service to and cooperation with the Legion's national employment program. The bank's 582 servicemen were offered jobs, counsel and guidance on their return to civilian life

notes in the case, nominated, with unerring discernment and courtesy, the bill bearing the portrait of Salmon P. Chase, the Treasury Secretary for whom his host, the bank, was named. (That note, in the event you haven't seen a sample lately, is price-fixed at \$10,000.)

Well, that's what the man at the Chase says—and he was there!

A.I.B. Chapter Presidents

A FEW A.I.B. chapter presidents elected for the 1948-49 year:

Boston, CARL W. TREMPER, The First National Bank; Buffalo, HOMER R. BERRYMAN, The Marine Trust Company; Chicago, HENRY A. FABIAN, First National Bank; Columbus, CLAIR E. FULTZ, The Huntington National Bank; Dallas, LEO T. HOWELL, Federal Reserve Bank; Fort Worth, L. EARL HOLCOMB, Continental National Bank; Houston, E. J. HOLM, Union National

(CONTINUED ON PAGE 100)

If fishing is your hobby...

You have the equipment that's just right for you.

You find that you get the best results with tackle you prefer using.



If typing were your job...

You'd use the typewriter that is just right for you.

It's a good bet that your choice would be a Royal—the typewriter that's built up an overwhelming preference among those who type.

To get the best results from your secretarial staff, supply them with Royals—the typewriters that are preferred!



No "ifs" about it... Royals are tops

Popularity! Just see how Royal rates with secretaries and typists. A national survey shows that the preference for Royals equals the combined preference for the next three most popular standard office typewriters. Your typists will do *more* work, *better* work on machines they prefer using.

Royal efficiency! There are work-saving, time-saving features on a Royal not found on any other typewriter. That's why Royals are preferred. That's why they result in higher production per machine!

Royal durability! These typewriters are *really* sturdy. Royals stand up... spend more time on the job, less time out for repairs. With Royal, you get the maximum return for your typewriter investment!

ROYAL—World's No. 1 Typewriter

(CONTINUED FROM PAGE 98)

Bank; Kansas City, Missouri, WILLIAM F. BROWN, Columbia National Bank; Los Angeles, RICHARD F. CAMPBELL, Union Bank & Trust Company; Memphis, GUY L. OURY, National Bank of Commerce; Miami, RICHARD C. BOGGS, Little River Bank & Trust Company; Milwaukee, VICTOR C. NILSEN, Marine National Exchange Bank; Minneapolis, RALPH F. SPEARING, Midland National Bank; Omaha, LESTER E. SOUBA, Live Stock National Bank; Portland, Oregon, E. MILLAR, First National Bank.

Also, Portland, Maine, HARRY L. BUTTERFIELD, Maine Savings Bank;

Providence, Rhode Island, BERNARD H. INESON, Providence Institution for Savings; Rochester, New York, JOHN G. WHITE, Security Trust Company; St. Louis, E. FRANCIS DEVOS, Federal Reserve Bank; St. Paul, ADOLPH H. HELFMAN, First National Bank; Salt Lake, J. N. PIKE, First Security Bank of Utah; San Francisco, CHESTER G. JORDAN, American Trust Company; Toledo, J. ARTHUR MANN, Toledo Trust Company; Washington, D. C., HERBERT D. LAWSON, JR., Suburban National Bank of Silver Spring, Maryland; Winston-Salem, North Carolina, L. W. DALTON, Wachovia Bank & Trust

Company; Atlantic City, New Jersey, L. WAGNER MCCULLOUGH, Boardwalk National Bank; New York, GEORGE O. NODYNE, East River Savings Bank; Atlanta, JULIUS B. RICHNER, Trust Company of Georgia.

Garner and Black Visit Europe

ROBERT L. GARNER, vice-president of the International Bank for Reconstruction and Development, left Washington late in May for a six weeks' visit to several European countries. He was accompanied by A. S. G. HOAR, assistant loan director, and LEONARD B. RIST, director of the bank's economic department.

The trip was in line with the bank's policy of studying at first hand the economic and financial situations in foreign countries and the factors affecting their problems of reconstruction and development. The officials' itinerary included Brussels, The Hague, Amsterdam, Basle, Milan, Rome, Paris and London.

EUGENE R. BLACK, executive director for the United States, International Bank for Reconstruction and Development, is on a visit to the Netherlands East Indies at the invitation of the Dutch authorities. He plans to return to Washington, after stops at Manila and Guam, about August 1.

A Distaff Majority

THE distaff side contributes liberally to the personnel of the Bank of Hartsville, Tennessee. The president and cashier is Miss MAYNE HAMMOCK, the vice-president is RUBY THOMPSON, and three of the five employees are women.

"Miss Mayne," as the president is called by most of the town's 1,100 inhabitants, became a banker in 1911 when, at the age of 18, the bank hired her for a three-months' trial at \$20 a month. She's been there ever since, working hard at the business she has made her career.

Today Miss HAMMOCK, sitting in her little front office, greets every customer by name as he enters the door, asks him about that fishing trip, that sick baby, or some other matter of personal interest.

Her employees are chosen by invitation rather than by application. She quietly investigates likely prospects for her staff and then offers one of them the job.

Back in 1937 Miss HAMMOCK was elected mayor of Hartsville over her own vigorous protest. On election day

NOTHING LIKE IT

For simplicity, effectiveness and economy in handling Time Sales Accounts, nothing equals the Payment Coupon Book. It combines all notification work, all posting forms and all receipts in one simple booklet that requires only a minute or two to prepare.

Until you learn all about this modern method, you will never enjoy freedom from detail and unnecessary expenses.

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INC.

For Complete Information and Samples Write
to Head Office at Indianapolis 6, Indiana

Worthwhile things deserve the best in protection

THERE'S NO PLACE LIKE HOME — FOR AN ACCIDENT

Caution and luck are not enough. Accidents do happen in the best regulated families. Remember: *More accidents occur in homes than in industry or on the highways.* Accidents are becoming more expensive. You can soften the blow when they strike by seeing that your client—his family—have the best in protection with the broad coverage of a London & Lancashire Accident Policy.



THE London & Lancashire GROUP

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK • STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department) • LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA

she pleaded with the voters not to cast their ballots for her; she just didn't have time to be mayor. But the townspeople laughed and "Miss Mayne" snowed under her opponent by a margin of something like eight to one. She had to stay in office four consecutive two-year terms. Her constituents refused to elect anyone else.

The bank has deposits of nearly \$1,500,000 and a bond account that approaches \$1 million. And not a single customer note is overdue.

Convention Veteran

FRANK M. LOCKWOOD, vice-president of the City National Bank of Kankakee, Illinois, attended his 50th consecutive convention of the Illinois Bankers Association in Chicago last month.

Convention No. 1 for Mr. LOCKWOOD was at Joliet in 1898; it was the association's eighth annual gathering. No convention was held in 1945 because of the war, so the 1948 session was the banker's 50th.

Mr. LOCKWOOD, a graduate of the University of Illinois, was cashier of his bank for 25 years and has been vice-president since 1944. He has been active in the affairs of his state association, and was an organizer, as well as president and secretary, of IBA's old Group Five. He has also served as association treasurer and on its legislation committee. He is a former American Bankers Association vice-president for Illinois.

George E. Roberts

GEORGE E. ROBERTS, former vice-president and economic adviser of The National City Bank of New York, died June 6 after a long illness. He was in his 91st year.

Mr. ROBERTS was born August 19,

Directors of the Tennessee Valley Bank, Knoxville, have elected Burton E. Forster, standing, to the board chairmanship, and Robert A. Culver, seated, to the presidency. Mr. Forster resigned as president because of poor health



Miss Hammock confers with her assistant cashier, Buford Thompson



for more profitable banking

* **Rand McNally BANKERS DIRECTORY (the Blue Book)** has been the indispensable source of complete, up-to-date banking information—the favorite financial reference—of all banks for more than 75 years.

* **The KEY TO NUMERICAL SYSTEM** of the American Bankers Association with Check Routing Symbols, published exclusively by Rand McNally, contains latest transit numbers and check routing symbols, speeds up transit work in all banks.

* **Rand McNally BANKERS MONTHLY**, the independent banking magazine of tested ideas for increasing bank income and reducing bank expenses, is welcomed by the banks of the country every month.

* **Rand McNally SAVINGS CLUB AND COLLECTION SYSTEMS** win customer good will, eliminate errors, save time and money.

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RAND McNALLY & COMPANY

Banking Division

336 S. CLARK STREET CHICAGO 5, ILL.

1857, in Delaware County, Iowa. In 1871 the family moved to Manchester, Iowa, where the boy entered high school. Two years later he set out with his father in a covered wagon to explore the possibilities of life in western Iowa and eastern South Dakota. They went as far as Sioux Falls, but decided to settle in Fort Dodge, Iowa, where young ROBERTS finished school.

He then began an extensive career in journalism. In 1878, while city editor of the *Sioux City Journal*, his attention was first attracted to the financial world by the fight over specie payments. Returning to Fort Dodge he purchased the *Messenger* in 1880, and that year was also elected chairman of



Mr. Roberts

the Webster County Republican Committee and an alternate to the Republican National Convention in Chicago which nominated Garfield.

In 1890 Mr. ROBERTS began to take part in the debate over "free silver." Five years later he wrote "Coin at

School in Finance" which was endorsed by the Honest Money League of Illinois and circulated widely by the Republican Party in the Middle West. The book became an important educational force in the defeat of the proposal for the free coinage of silver during the McKinley-Bryan Presidential campaign.

In 1898, he was appointed Director of the U. S. Mint by President William McKinley. He was reappointed by President Theodore Roosevelt but resigned in 1907 to become president of the Commercial National Bank of Chicago. In 1910, when that bank and the Continental National Bank merged, he was reappointed to the Mint directorship by President Taft, resigning four years later to join The National City Bank of New York, as assistant to the president. In 1919 he was appointed vice-president, a position he held until 1932 when he became economic adviser. He retired from the bank December 31, 1940.

Mr. ROBERTS gradually increased his participation in public discussion and won international recognition as an economist and monetary expert. As a member of the Gold Delegation, a subdivision of the financial committee of the League of Nations, in 1930, he attended sessions of the League. Four years previously he had been invited to appear before the Royal Commissions on Indian Currency and Finance, meeting in London, and subsequently the Republic of Panama asked him to survey that country's finances.

During his long career with National City, Mr. ROBERTS made many addresses before important public groups on gold and on various economic topics. He was awarded an honorary LL.D. by the University of Iowa and served as president of the American Statistical Association.

Mr. ROBERTS was perhaps best known to his associates as "Father of the National City Economic Letter" which he edited for nearly 25 years. During this period the letter became a widely read publication. Its circulation today is 150,000.

Survivors include his sons, GEORGE BASSETT ROBERTS, vice-president of The National City Bank of New York, and HENRY ALLISON ROBERTS, an assistant cashier of the bank.

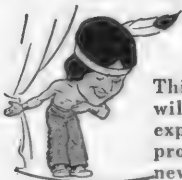
Donald M. Barnett

DONALD M. BARNETT, vice-chairman of the Barnett National Bank, Jacksonville, Florida, died May 17 at the age of 56.



An idealized view of the Railroad Fair to be held on Chicago's lakefront, July 20—September 7.

New Hiawatha to star at CHICAGO RAILROAD FAIR



This summer millions will attend a brilliant exposition of railroad progress. An entirely new afternoon Twin Cities HIAWATHA will add luster to this history-making Centennial.

A fine example of Milwaukee Road car building that will be on display is the car pictured here. Its distinctive Skytop Lounge is an observation room de-

signed for more enjoyable sight-seeing. These Skytop Lounges are on the AM and PM Twin Cities HIAWATHAS, between Chicago-Milwaukee and St. Paul-Minneapolis. Cars of similar type will be on the Olympian HIAWATHA between Chicago and the Pacific north coast.

With 153 new cars being delivered, The Milwaukee Road will amplify its Hiawatha services. H. Sengstacken, Passenger Traffic Manager, 708 Union Station, Chicago 6, Illinois.

THE MILWAUKEE ROAD

Speedway of the Speedliners

Mr. BARNETT was the son of BION H. BARNETT, who is chairman of the bank's board, and the grandson of the late W. B. BARNETT, the founder. He joined the bank's staff in 1913 after attending the Wharton School at the University of Pennsylvania, and advanced through various positions to the vice-chairmanship in January, 1948, after serving as executive vice-president for several years.

He was treasurer of the Florida Division, National War Fund, for three years, and a former president of the Jacksonville Kiwanis Club and Community Chest.

GUY WICKES COOKE of Evanston, Illinois, formerly assistant cashier of The First National Bank of Chicago and for 33 years in charge of the bank's advertising, died June 9 after a short illness. Mr. COOKE, who retired from the First's staff in 1943 after 43 years of service, was one of the organizers of the Financial Advertisers Association, now the Financial Public Relations Association, and a life member of the American Institute of Banking.

FREDERICK E. HASLER, former chairman of the board of the Continental Bank & Trust Company of New York, whose business has been acquired by Chemical Bank & Trust Company, has been elected to Chemical's board. Mr. HASLER is also chairman of the advisory board for the Broad Street office of the Chemical, formerly the Continental's main office.

OSCAR N. BEASLEY, chairman of the Beverly Hills (California) National Bank and Trust Company, passed the 60th anniversary of his career as a banker a few weeks ago. Mr. BEASLEY was president of the bank for many years, but recently relinquished that office and was succeeded by his son, ROBERT S. BEASLEY.

KENNETH R. WELLS, formerly assistant vice-president of the American National Bank and Trust Company, Chicago, has been made vice-president in charge of the industrial division.

Mr. Wells

O. N. Beasley



Mr. Smith



Mr. Blair



Mr. Cloyd



Mr. Ownby

CHARLES A. SMITH has retired as a vice-president of Manufacturers Trust Company, New York. He started with the bank—then The State Bank—on May 1, 1899, as a messenger.

WILBUR T. BLAIR has been appointed counsel of the Federal Reserve Bank of Cleveland. He is also secretary.

RAYMOND K. MEIXSELL, public relations director of the Troy (New York) Savings Bank, has been made assistant to President BARNARD TOWNSEND. OGDEN J. ROSS succeeds Mr. MEIXSELL in his former position.

JOSEPH D. HUSBANDS, vice-president and cashier of the Northwestern National Bank, Minneapolis, has been made a director of Third Northwestern National Bank.

JAMES C. BOLTON, president of Rapides Bank & Trust Company of Alexandria, Louisiana, is an honorary colonel on the staff of Governor Earl K. Long.

HUGH L. FARRELL, vice-president of the First National Bank and Trust Company of Oklahoma City, is the new president of the Oklahoma Public Expenditures Council, a statewide organization of taxpayers.

F. ABBOT GOODHUE, president of the Bank of the Manhattan Company, New York, and a member of the New York State Banking Board, has been elected a trustee of The Bank for Savings, New York City.

M. E. WALTER, editor of the Houston *Chronicle*, is now a director of the North Side State Bank in that city.

After a long illness, JORDAN C. OWNBY has retired as vice-president of the First National Bank in Dallas and has been succeeded as advertising and public relations director of the bank by MARSHALL S. CLOYD, assistant vice-president. Mr. OWNBY is a member and former director of the Financial Public Relations Association. Mr.

CLOYD joined the First's staff last November. He was formerly with a Dallas investment banking firm.

JAMES S. CARSON, vice-president of American & Foreign Power Company, Inc., has been elected vice-chairman of Colonial Trust Company of New York. He has been on the bank's board for several years.

ERWIN W. BOEHLER, formerly director of training and public relations for George Fry & Associates, consulting management engineers, is the new public education director of the Investment Bankers Association of America. Mr. BOEHLER has been teaching in the Chicago area for the past 18 years and will continue as a lecturer in finance at Northwestern University School of Commerce. He was formerly financial feature editor and manager of the statistical department of the Chicago *Journal of Commerce*.

JOHN VICEDOMINI, until recently an officer of the Manufacturers Trust Company, New York, has been elected executive vice-president and a director of Colonial Trust Company, Wilmington, Delaware.

LOYD GAIL, vice-president in charge of public relations of the Northern Trust Company, was elected president of the new Chicago chapter of the Public Relations Society of America.

EDWARD L. OLMSTEAD, formerly vice-president of the Continental National Bank of Los Angeles, has been elected vice-president of the Pasadena-First National Bank.

J. W. MEANS, vice-president of the Trust Company of Georgia, Atlanta, was elected chairman of the Southern Group of the Investment Bankers Association of America at the group's recent spring meeting.

THOMAS C. BOUSHALL, president of The Bank of Virginia, Richmond, has been made chairman of the Committee on Organizations of the National Com-

mission for the United Nations Educational, Scientific and Cultural Organization. He has been a member of the committee since October 1947.

LEWIS F. GORDON, vice-president in charge of advertising and public relations for the Citizens & Southern National Bank, was recently elected president of the Advertising Club of Atlanta.

EUGENE W. TOMPKINS, formerly vice-president of the Elmira (New York) Bank and Trust Company, is

now executive vice-president of the Industrial Bank of Schenectady.

J. E. DREW, former deputy manager of the American Bankers Association, has been appointed associate director of public relations of Lever Brothers Company, Cambridge, Massachusetts. For the past two years Mr. DREW has been with the National Association of Manufacturers, serving for nearly a year as its associate director of public relations. At one time he was a vice-president of the American Trust Company, San

Francisco, and in charge of the California Bankers Association's public relations.

C. ARTHUR HEMMINGER, advertising manager of the American National Bank & Trust Company, is the new president of Chicago Financial Advertisers Association. **MARGARET A. HADLEY**, Chicago District of the Illinois Bankers Association, is secretary, and **N. E. PEARSON**, LaSalle National Bank, is treasurer.

FRANK M. HICKOK, for many years vice-president and trust officer of the American National Bank and Trust Company, Chicago, is now head of the recently established trust department at the First National Bank of Leesburg, Florida. The First reports that Mr. HICKOK "has reached the age—but not the desire—for retirement, so he is going to pitch in as trust officer for us and give us the benefit of his 30 years' experience in trust matters."

Staff changes at Bankers Trust Company of New York include the assignment of **EDMUND F. EBERT**, a newly elected vice-president, to succeed Vice-president **J. P. DREIBELBIS** in charge of the southwestern territory. Mr. DREIBELBIS will direct the out-of-town division of the banking department. **FRANK A. KLINGSMITH**, with the bank since 1907, has also been elected a vice-president.

GARY M. UNDERHILL, for three years executive director of the Consumer Bankers Association, has been elected executive vice-president of The Charter Bank of Philadelphia. Before the war Mr. UNDERHILL was assistant vice-president of the Bank of Virginia at Richmond. He has also been on the National Public Relations Committee, American Institute of Banking, and the faculty of Richmond Chapter, A.I.B.

FRANCIS L. O'MELIA, formerly executive vice-president of the Glencoe (Illinois) National Bank, has been elected president, succeeding **HERBERT C. PASCHEN**, now chairman.

Mr. Underhill

Mr. O'Melia



BANKING



Who's Tops in Telephones? It's U.S.

There are more telephones in this country than in all the rest of the world put together. The United States has one telephone for about every four people, compared to one telephone for every ninety people for the rest of the world.

Sweden comes closest with one telephone for every five people. In the British Isles there's one telephone for every eleven people. In Russia the es-

timate is about one in a hundred.

New York leads the world's cities with the most telephones. It has 2,600,000—more than in all of France. In relation to population, San Francisco is on top with about one telephone for every two people. Washington ranks a close second.

And we're still building and expanding at the fastest rate in history. The value of telephone service is increasing constantly.

BELL TELEPHONE SYSTEM



Washington

(CONTINUED FROM PAGE 45)

have been elected in 1946, and its party could not pass on to control the White House. So there will be no vengeance, no tracking down of the unions.

Nevertheless, the way may be opened next year for some limited action aimed directly at protecting the public from some of the more important pressures of the labor unions. Specific action leading toward such legislation is even now under study.

What is important to the prospective business climate, however, is that, from next year on, any new Administration will not have to act or react toward labor legislation directly, or toward all other legislation indirectly, as though the labor unions had a mortgage on the White House. Some of this legislation of indirect interest to the unions can be as important as direct labor legislation. It is recalled, for instance, that Mr. Truman opposed legislation proposing even a modest retreat from the confiscatory levels of personal income taxation in the upper brackets. He offered instead the \$40 reduction in every individual's income tax liability.

There are a few intangibles worth mentioning.

For one thing, many of the important parts of the private business system have been the handy whipping boys of the Administration. Business has been that one element of society which the Administration felt it could regard as among its opposition, and therefore be free to treat with no tenderness. So business has been belabored by many elements of the Administration on literally countless occasions.

Something Not To Be Assumed

It may not be taken for granted that a new administration, on the other hand, would protect business as tenderly from government criticism as the Truman Administration has protected the labor unions, particularly if business presumes to have any "title or ownership" in government.

Nevertheless, a new administration may be counted upon to avoid systematic or capricious sallies upon public confidence in the enterprise system. It is hardly likely that from next January on there will be a recurrence of a situation similar to that which has been noted in 1948; to wit: Organizations representing industries opposing important legislation ardently favored by the Administration were subjected to indictments obtained by the Department of Justice on one ground or other. On the other hand, the Department refrained from even ruling as to whether the lobby registration law required a check into the activities of that government agency which was most active and successful in organizing a lobby in favor of the legislation in question, public housing.

Speeches By the Thousands

It is often forgotten, too, that much of the criticism of business came from the vast propaganda machine of the executive departments of government, even where the "propaganda machine" was no more formal than the capacity of numerous officials to make thousands of speeches. Officials propagandized against private business so as to tear down opposition to government programs for electrification, construction of homes, building of dams, or other activity in competition with the private enterprise system.

These intangibles are such as will effect a sharp change over a period of years, perhaps even over a period of months, in the government climate under which private business will operate. Nevertheless, the changes will be unspectacular, and

often imperceptible. Actually the North-South Democratic alliance began to crack up under Mr. Roosevelt. Its disintegration was more rapid with Mr. Truman, who was thought to be personally less "liberal" than his late predecessor, even if he was forced to follow the program of Mr. Roosevelt to hold the alliance, and hence his Administration, together. A year from now a reading and comparison of the newspapers with the news of these last few months will disclose the changed climate, as will legislative results themselves.

There were, despite the fact that the relatively conservative control of the 80th Congress was under the handicap of defending itself from the then presumed power of the North-South alliance, already signs of legislative solutions less unfavorable to business.

In the banking field, for example, the Congress forestalled an effort to clamp down arbitrarily upon the extension of credit. There was a widespread movement under way, even though it did not mature this year, to pare down subsidized government lending in the farm and other fields. Subsidized cooperative lending in particular is likely to be given close study next year. Farm legislation is likely to concern itself more with long-range protection of soil than with pegging farm income as such.

Tax Likelihoods

In tax legislation the Congress will be disposed more to emphasize excises, provided additional tax revenues are required, than to emphasize business taxes, and the Congress may get support from the Administration on this approach. Such support was impossible during the last 16 years. Provided a larger total Treasury "take" is not required next year, business tax relief by means of an adjustment among objects of taxation is not beyond the realm of possibility.

Notwithstanding the popularity of the idea of extending the social security coverage, the Congressional majority abstained from even pressing for a large-scale extension of coverage in an election year. A modest extension was suggested to the House, but not enacted.

Finally, among the real possibilities for improving the business climate of 1949 and thereafter is the prospect that economy can be promoted in many directions by cooperation or a nearer approach to cooperation between Congress and the Administration to save money. This cooperation was largely absent in 1948, and the Administration, having no political interest in paring down government services, subsidies or payrolls in an election year, fought doggedly to oppose economy.



"That, dear, is why your father was sold."

One Country Bank's Experience with Real Estate Loans

G. F. BALTZ

The author of this short article is president of the First National Bank, Millstadt, Illinois.

WE have a system of making amortized loans on real estate, an important feature of which is permitting the borrower to anticipate payments. This provides a cushion in case of subsequent difficulties. I find that our system is popular with our clients and almost half of them have made payments in advance of their due dates.

A national bank is permitted to make amortized loans secured by real estate for a period up to 10 years. The loan must be amortized on a 20-year, or less, pay-out basis, provided 40 percent is amortized in the first 10 years.

Thus, if a person with property appraised at \$6,000 desires to borrow \$3,600 and can pay off only \$12.50 on the principal monthly, the shortest time for which the loan can be set up is four years, as in that time the loan will be paid down to \$3,000 at the reduction rate agreed upon. From then on it can ride as a straight mortgage loan—one on which no periodical principal reductions are required.

Unlike the majority of banks in this section of the country, we set up our loans to pay out in full up to 10 years by requiring equal or level monthly principal payments, with interest at 5 percent on the unpaid balance payable monthly. Under this plan the principal comes down more rapidly at the outset than where a fixed amount is paid on the principal and interest monthly. This naturally puts the holder more quickly into a good position from an equity standpoint. For example, under our plan a \$3,000 loan is reduced to \$2,100 in three years, whereas under the usual plan it is down to \$2,250.93.

The faster the loan is paid down at the outset, the easier it will be for the bank to give the borrower relief in case he gets into distress. Using the three-year figure given above, two courses lie open to the lender if this happens. A \$3,000 amortized real estate loan requires an appraisal of \$5,000. In three years the loan will be reduced to \$2,100. This amount requires an appraisal of no more than \$4,200 to make it eligible as a straight mortgage loan. On this set-up the appraisal can drop 16 percent and leave the loan in a position three years hence to qualify as a straight loan; or the loan can be refinanced on

an amortized basis for a 10-year period with a 30 percent reduction in principal payments, even though the property has depreciated 30 percent in value. In this case the \$2,100 loan requires only a valuation of \$3,500 when amortized, and the required monthly principal payment is only \$17.50 instead of \$25.00 monthly at the outset. A reduction of \$7.50 on the monthly payment will make itself felt in time of need. At the same time the revenue from a loan so refinanced will continue longer.

We insert a clause in the terms of the note that the borrower is privileged to make double payments at any time or as often as he chooses to do so. We permit these anticipated payments to act as a cushion. We also insert another clause that the maker agrees to pay a penalty of $2\frac{1}{2}$ percent (the equivalent of six months' interest) on the excess of such privilege payments. Our clients respond very favorably to paying the penalty when they are assured that

they have the privilege of paying off in a lump sum all or part of the loan.

It is true that the success of lending money under this plan depends upon appraisal standards and appropriate analysis of payment possibilities. We have used the best judgment at our command to make conservative appraisals. We do not go to outside credit sources to determine our clients' paying possibilities. However, we do go over our plans very carefully with the clients, remind them forcefully, that the monthly payments must be made and leave it up to them as to whether or not they feel they can meet this requirement out of their earnings. We tell the client that we do not care to make the loan if we feel we are going to run into difficulties, that we are not in the lending business to take a man's property away from him, and that our prime object is to keep the depositors' money safe and at the same time enable people to own their own homes.

President Dodge on Thrift

SOME way must be found, short of forced saving, to slow down spending which is forcing up prices and reducing the rate of the savings accumulations of the people, Joseph M. Dodge, president of the American Bankers Association told the New York State Bankers Association, meeting at Bretton Woods, N. H.

Mr. Dodge is president of The Detroit Bank, Detroit, Michigan.

"Reports for the year 1947 show that consumers spent more on goods and services than ever before in our history," Mr. Dodge said. "In 1947, personal consumption spending increased \$21 billion over 1946, and increased in every quarter of the year. Savings did not, and the year ended with \$4 billion less personal saving than in 1946. Actually consumers spent more than the increase in their personal incomes, less tax and other payments. This added substantially to the inflationary pressures.

"Unless I miss my guess, the decline in the rate of savings accumulation, sooner or later, will be publicly and officially attributed to everything or anything but its real causes. It will become the people's fault or the fault of

the banks, and will have nothing to do with the inflation, high prices, high taxes, low interest rates, lack of incentive, the depreciating purchasing power of the dollar, or any other of the factors beyond the direct control of the individual.

"It is apparent that the inflationary effect of additional billions of government expenditures for foreign aid and the military establishment are not being offset by any substantial reduction of expenditures for other purposes, and the elimination of other inflationary practices. What has become of the economies and reductions so freely promised a year ago? Even if we leave out the new foreign aid and defense costs, where are they?

"We speak loudly about the need to maintain our heritage of freedom, free private enterprise, and individual initiative; and then turn to the government for answers to our problems, to subsidize our failures, and to correct our excesses. These two views are conflicting and fundamentally incompatible. You can not have both. Where you choose the second, you give up the first. If you value and would retain the first, you must find ways to avoid the second."

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Capitol Scene

(CONTINUED FROM PAGE 47)

Mr. Fleming impressed members of the Senate Banking Committee with his interpretation of Federal Reserve statistics which showed the volume of outstanding loans after the war to be smaller in relation to deposits than it was before the war. Critics of this approach, who asserted that this fact does not lessen the absolute magnitude of the problem, have been set back by Mr. Fleming's pointing out the obvious—that the whole economy has expanded, in terms of production, distribution and prices. It takes more money and credit to do business. In other words, the larger the engine and the more it runs, the more gasoline it takes to operate it. This fact makes startlingly good sense, even in the abstract realm of credit.

Mr. Sproul's Testimony

The president of the Federal Reserve Bank of New York, Allan Sproul, delivered what has since been regarded as the coup de grace—at least until next year—to the reserve changes urged by Mr. Eccles. He attacked Mr. Eccles' proposals for a special or secondary reserve and for special reserves on top of increased primary reserves as a "clumsy" method of handling the inflation problem. He reinforced the Advisory Council's position that the proposals are impractical because they would have to be applied "in jerks and in chunks" to so many thousands of banks with different lending policies and investment positions.

Yet while he attacked the Eccles proposals, he was not averse to some change in reserve requirements and the methods of administering them. He told the Committee on the Economic Report he believes that it might be well to develop a uniform system of reserve requirements, as against the present system of geographical determination. This could mean a contemplated change in the traditional administration of central reserve, reserve city and country bank reserve requirements. The fact is that today most of the excess reserves of the banking system belong to country banks, and country bankers might well consider the signifi-

cance of a new method of prescribing reserves that is not based on geography.

Moreover, Mr. Sproul envisions possible development of a modified "ceiling" reserve plan authorizing increased reserves on increased deposits after a date as yet unspecified. He also would like to see more credit powers given to the Federal Open Market Committee, instead of to the Federal Reserve Board alone. This means that the open market committee, of which Mr. Sproul and other representatives of the individual Federal Reserve Banks are members, would have a great deal more to say concerning discount rates and reserve requirements, as well as short- and long-term rates.

Two other facts make further consideration of changes in reserve requirements likely during the next session of Congress. These are, first, that the budget surplus which during the past fiscal year provided some leavening for the inflation ferment, will likely disappear during this year. Second, instead of a surplus, the possibility exists that the Treasury may have to resort again to deficit financing.

The cut in taxes and the Treasury's outlays for the European Relief Program and military expenditures make more deficit financing a real possibility. Deficit financing adds to the inflation potential, whether more inflation actually occurs or not. And, as Mr. Sproul pointed out, the real issue is the nation's ability to control the threat of "runaway" inflation, without hamstringing its ability to produce.

Political Bliss

One of the strange aspects of what has been happening in Washington during these pre-election months is that while increased bank reserves and other anti-inflation measures such as those in President Truman's 10-point program were being advocated, other steps—distinctly inflationary—were initiated or continued. It has been a case of the Government following to the letter the Biblical admonition to keep its right hand ignorant of the doings of its left. In this case, ignorance has been conducive to political, if not economic, bliss.

Specifically, while inflation controls were being explored or imposed, other not-so-anti-inflationary steps were taken. Granted that the huge outlays for foreign relief had to be

THE GLOBAL PEACE

Charles T. O'Neill testifying on agricultural credit for American farmers, in the cut at left. (At Mr. O'Neill's right is H. P. Parker, president and treasurer, Capital Savings Bank & Trust Company, Montpelier, Vermont.) At right, Marshall Plan Administrator Hoffman



HARRIS & EWING PHOTOS
BANKING

authorized to implement a very vital foreign policy, the fact remains that there has been almost a deluge of proposals for more government loans and loan guarantees for industry, agriculture, and the public-at-large. Among these were the Tobey bill providing Federal Reserve guarantees up to 90 percent of loans to business by private lenders, the Murray bill for the creation of a \$1 billion financing agency for small business, a bill which would re-establish the Smaller War Plants Corporation as a permanent, \$16 billion source of business credit, and a bill extending the RFC's lending powers.

Credit for Small Business

Most amazing of all is the fact that these bills are only three of more than 200 similar bills that have come before Congress in quite recent times. Credit aid for small business has been a politically popular subject since the dark days of the depression. There is every reason to believe that it will continue to be a favorite subject during the next session of Congress—and the next. Not one of these business loan and guarantee bills was accepted by the Congress before it adjourned, but there will undoubtedly be a rash of them awaiting the consideration of the new Congress: Like tropical skin ailments—on the body politic—they are not to be taken lightly.

A.B.A. on RFC

Characteristic of the A.B.A.'s approach to current questions about credit and credit guarantees for small business was the testimony it offered at the request of a special subcommittee of the Senate Banking Committee on the extension of the Reconstruction Finance Corporation. The RFC

required a new legislative lease on life to survive beyond the end of June. Through the testimony of Earl R. Muir of Louisville, Kentucky, who is a member of its Small Business Credit Commission, the A.B.A. pointed out that the fundamental issue today is the question of reducing the demand for credit, rather than increasing its availability. Mr. Muir drove home the fact that although the RFC has demonstrated distinct emergency value in the nation's economic life in the past, credit for both large and small business is now readily available—almost to the point of national embarrassment.

Mr. Muir also hit hard at RFC participations, terming them another, if disguised, form of loan guarantee. He pointed out that they had tended to destroy the fabric of correspondent banking. He condemned deferred participations by the RFC, and while the Senate version of the bill did restrict such participations to 60 percent on loans up to \$100,000, and 50 percent on loans above that amount, the final House-Senate compromise placed the figure at 70 percent for loans up to \$100,000 and 60 percent for loans above this amount, compared with the former legal maximum of 90 percent and administratively fixed ceiling of 75 percent.

Perhaps the greatest favor scored for chartered banking on this bill is the report of the banking subcommittee which conducted the hearings. The subcommittee's report constitutes, in effect, a guide book for RFC officials to follow in conducting the corporation's business. It sets down in black and white the principle that the RFC is intended as an auxiliary source of credit which should lend only when credit is not available from private sources, and is not intended to be an agency in competition with the banks. Moreover, the report emphasizes that the RFC is to remember that it uses

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LASALLE AT WASHINGTON



a lot of the taxpayers' money, and that its profits are essentially those of the Treasury.

Farm Credit Measures

These same questions of unfair competition with private sources of credit and use of the taxpayers' money have been featured in testimony spokesmen for banking have been called upon to present on farm credit measures. Twice during the session—once before the House and again before the Senate agricultural committees—Charles T. O'Neill, of Charlottesville, Virginia, who is chairman of the A.B.A. Subcommittee on Agricultural Credit, asked for elimination of what chartered banking regards as the worst feature of the Government's farm lending agencies.

Testifying on the bill to provide for retirement of government capital in the central and regional Banks for Cooperatives, Mr. O'Neill made it plain that the bankers do not object to lending competition from government farm credit agencies—as long as the competition is fair and not subsidized by the free use of capital provided by the taxpayers.

He pointed out that the Banks for Cooperatives have enjoyed the use of \$178,000,000 of government-provided capital for many years, and that even now, after 15 years in which the co-ops were supposed to be on their way to becoming self-sustaining, the Government still owns 96.5 percent of their capital stock. Mr. O'Neill brought out that these organizations ought to be well along toward farmer ownership, and that the government capital in them should be returned to the Treasury or interest ought to be paid on it.

He cited a restatement of policy on government farm lending agencies, unanimously approved by the A.B.A.'s Executive Council this year at its meeting in French Lick, Indiana. In part, the statement says that "... except in times of dire emergency, it is not a proper function of government to furnish capital to any of its citizens, whether engaged in commerce, in industry, in farming, in banking, or in any other form of business. . . . When grants of capital are made they should be advanced only on condition that payment be made for their use, pending return of the capital to the Treasury."

The Housing Problem Is Permanent

The housing problem has produced more demand for government action and fewer concrete results than any other popular national political issue of the domestic sort. The reason is in part technical—it takes time, labor and materials to build houses. Cement foundations and roofing cannot be legislated, although a large part of the population habitually puts its faith in legislative miracles. Moreover, the physical obstacles to increased housing have forced Congress and the Administration to seek the solution in the intangible areas of housing, such as mortgage credit, in order to convince the public that something is being done.

At the close of this session of Congress, the Taft-Ellender-Wagner bill, in one form or another, had gone through two years of legislative argument. Everyone—the veteran, the public houser, the government lender, the private lender, and the man who merely needs a house—had something to say about it. When the testimony was finished, no one, including the bill's sponsors, was particularly satisfied. The unanswered \$64 question was still "Can this legislation build houses?"

If proponents of the bill failed to hit the jackpot, at least



Senators Taft and Ellender (respectively second from left and right) with a delegation interested in housing

some not-so-sanguine witnesses succeeded in pointing out the danger of public housing, which means socialism. Moreover, the latter went on record to point out that debt-burdened purchasers of houses—such as veterans—deserve a better break than the chance to buy an over-priced house in a market where money is cheap and millwork is expensive.

Secondary GI Mortgage Market

For example, among the many features of the bill that the A.B.A. sought to have rectified, was the secondary GI mortgage market. A statement filed with the House Banking and Currency Committee by the A.B.A. pointed out that certain restrictions ought to be written into the bill to prevent the secondary market from becoming a "dumping ground" for the mortgages, to reduce as far as possible the inflationary aspect of a wide-open secondary market, and to encourage the type of lending that will make for homeownership that is sound and satisfactory for the veteran, the lender, the community and the nation. This kind of an appeal commands respect in Washington, regardless of who favors what. The same idea of sound farm loans that are worthwhile to everyone concerned was advanced by the A.B.A. on the Title VII farm loan features of the bill.

Bank Holding Company Controversy

In a statement adopted by the A.B.A. at its Executive Council meeting in French Lick, Indiana, last April the Association acknowledged the fact that some sort of holding company regulation is highly desired by banks and some supervisory authorities. It also instructed its interim committee to consider the question and empowered it to make recommendations to the Council as a whole. However, it pointed out that the Tobey bill, among other things, would provide punitive government regulation and centralized control of a type of banking that is frequently intrastate.

Whatever the arguments may turn out to be regarding holding company legislation, it may be safely assumed that they will be plentiful. There are the independent banks to be heard, as well as the holding companies, and in addition, there are many Senators and Congressmen who have some definite ideas on the subject. The next session of Congress will undoubtedly hear them all.



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The Investment Market

(CONTINUED FROM PAGE 71)

place such outlays by American business this year at \$18.7 billion which is 15 percent above last year's record of \$16.2 billion.

Some of the direct implications for the investment markets are that, if the bull market is sustained, equity financing to pay for expansion is likely to increase. Since the end of the war most corporations have relied heavily on current earnings and debt financing to raise funds and this has far exceeded the sale of common stocks. For all non-financial corporations, equity issues were only about 20 percent of total financing through securities, bank loans or long-term insurance company advances. Depressed stock markets were one of the reasons for the small percentage, and better prices for common stocks should consequently make equity issues more desirable for the issuer and the buyer.

Reversal of the markets to the previous status of near-stagnation, on the other hand, would continue to have debt financing enjoy greater usefulness and popularity.

Economically, the rise of capital expenditures by industry reflects, of course, the slightly inflationary trend which began as a result of the rearmament program and of European recovery expenditures directed by the Economic Cooperation Administration. There is hardly a chance that this trend should come to an abrupt end, either before or after election, since both measures are largely non-partisan in character.

All this adds up to a slightly rising expansionary trend, of

which the current wage increases in industry after industry are another certain indication, offset somewhat by a continually greater efficiency of production which reduces manufacturing costs.

77 Dream Houses

(CONTINUED FROM PAGE 66)

purchaser and mortgagee alike. One of these, which opened for public inspection in Hartford, Connecticut, in June, comprises four one-family houses designed to meet the modern living needs of families in four income groups. They are called "Thrift," "Budget," "Ideal," and "Deluxe."

The plan is intended to present a new standard of American housing and will be duplicated in other cities by the Westinghouse Electric Corporation in cooperation with local electric companies, department stores and others.

Local banking interests are promoting their mortgage facilities in connection with the project and latest reports indicate that one of these, the Dime Savings Bank of Hartford, has prepared a comprehensive folder. This describes the mortgage in terms of monthly payments required per \$1,000 for amortization of principal and interest, taxes and insurance, for distribution to the home visitors.

Naturally the kitchen and electrical equipment in these houses is unusually complete, though graded to suit the size and cost of each home. Banks in Hartford have indicated their interest in this type of quality construction and equipment to the extent of offering substantially larger mortgages than for ordinary or conventional housing.

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1945	\$2.20
1944	\$2.20 ⁴
1943	\$2.00
1942	\$1.90
1941	\$2.15
1940	\$2.15
1939	\$2.05 ³
1938	\$1.70
1937	\$2.10
1936	\$2.07 ²
1935	\$2.45 ¹
1934	\$2.50
1933	\$2.00
1932	\$2.12
1931	\$2.50
1930	\$2.00
1929	\$2.42

1. 1935—33 1/4 % stock dividend
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3. 1939—5 % stock dividend and rights
4. 1944—rights voted
5. 1946—2-for-1 stock split and rights

Common stock, no par value: 1,869,907 shares outstanding

NO BONDED INDEBTEDNESS

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* On basis of total number of shares outstanding at close of each year.

World Business

(CONTINUED FROM PAGE 49)

even if we have to give them the money to pay us with. Here's the way it went:

The Chairman. You are proposing to give them the money to pay their debts.

Secretary Snyder. Oh, no; we are not.

The Chairman. Yes.

Secretary Snyder. Oh, no.

The Chairman. Yes; and that is the thing that bothers me.

Secretary Snyder. No, we are not.

And so forth and so on.

Secretary Snyder holds that a moratorium would have widespread and unfavorable repercussions. "It would impair the credit standing of these countries," and make it more difficult for them to borrow privately or from the World Bank. And the Secretary thinks it unwise for ERP countries further to liquidate their gold holdings because if they do the gold standard cannot go on. This is the theory, by no means new, that the "winner" must divide his chips with the losers periodically.

Well, that's the way it works out.

Trade and Trade Agreements

The ECA appropriation cut was only one way in which Congress reflects the changed attitude toward some of our world programs. Another was the strong vote to curtail the Administration's power to negotiate new trade agreements, for example; and the show-me mood in which the House Interstate and Foreign Commerce Committee studied the NAC's bill to exempt the World Bank's debentures from SEC supervision. There was something nostalgic about the testimony of some of the protectionist witnesses before the Senate Finance Committee. Senator Scott Lucas, a Democratic supporter of the "Hull Program," tried to pin a witness down to showing where the trade program had hurt his industry. The witness wanted to know where anyone could identify benefits. True, he couldn't exactly say how his own industry had been hurt—yet; but his industry felt itself tied to the railroad track and could distinctly hear the whistle of the train bearing down on it.

When someone reminded Chairman Millikin of Colorado that Secretary Marshall was insistent on having the whole program renewed as is, the Republican Senator compared Marshall's attitude toward Congress to that of a general toward a "striker who doesn't put the right polish on his boots."

Back in 1945 the Administration probably could have exempted World Bank debentures from SEC registration and made member banks eligible to deal in them without any special difficulty. But it was not until this year that the NAC approved the Bank's request for special legislation for these and like purposes. The Senate Banking and Currency Committee under the leadership of Bretton Woods' own Senator, Mr. Tobey, held only perfunctory hearings and the same day approved the bill, over the objections of Senator Bricker, who took offense when the witness, Eugene Black of the World Bank, made some comment about Ohio's attitude toward "furriners" and "furrin ways." So, when the bill came up on the Senate calendar, there were objections and it was passed over.

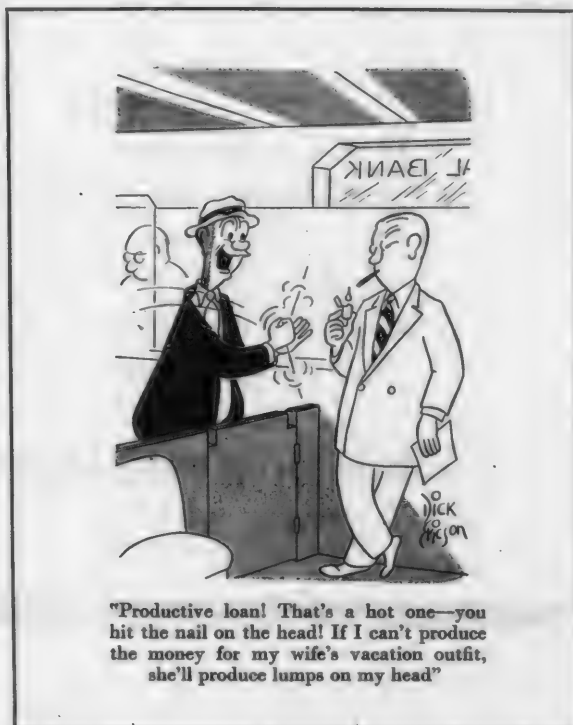
On the other hand, when the matter later came before the

House Interstate and Foreign Commerce Committee the bill received a thorough going-over. The committee did not regard lightly the matter of protecting the investor through the SEC, and was not very receptive to the idea of assigning that function to the NAC. Mr. Black, again a witness—although this time only one of several from various government agencies—made it clear that the Bank will not make loans in excess of the U. S. A.'s \$3,175 million commitment for quite a few years to come, and that in any case it is unlikely that the market would accept World Bank debentures in excess of that commitment. After all, said Black, the bond buyers of the banks and institutions to which the debentures must be sold are "hard boiled" men.

Apart from the National Association of Securities Dealers—which had first protested the World Bank bill on the grounds that it would give its members competition from commercial banks, and then had withdrawn its protest, in the light of an amendment calling for biennial NAC reports on how the legislation works out—about the only attendants at the House hearings were representatives of the SEC, World Bank, Treasury and Federal Reserve Board. Three SEC commissioners attended, along with members of their staffs.

Businesslike Commerce Secretary

The Commerce Department has received as many as 20,000 export-license applications in one week, Secretary Charles Sawyer informed a press conference. In view of the growing importance of export controls, an Appeals Board has been set up. Secretary Sawyer explained that trade with Eastern Europe is to go on, because it is of mutual advantage. "We do not intend to embargo shipments to Eastern Europe." It is a case of *quid pro quo*, and Commerce will



handle each application for shipment to the Soviet sphere individually, playing by ear.

International Conferences

I am continually intrigued by the succession of international conferences to which the Government is dispatching delegations. From State Department announcements I note among recent gatherings the Third International Congress of Large Dams, at Stockholm; the Council of the International Civil Aviation Organization, at Geneva; the First International Congress of B.C.G. Vaccine, at Paris; the "Medical Days of Brussels," at Brussels; the Eighth International Congress of Entomology, at Stockholm; the Eighth World's Poultry Congress, at Copenhagen; the Interim Commission of the World Health Organization, at Geneva; and so forth. I hope the World Health Organization, which the State Department quizzically nicknames "WHO," gets something done soon, for the world's health seems none too good.

A Correspondent's Clippings

Among miscellaneous items in this month's newspaper clippings is a London article on the new order in Bulgaria, where most hotels and restaurants have been nationalized and there is a State barber. Tips are supposed to be an insult in the State's concerns, but many persons do not mind this sort of insult, reports *The Times* . . .

Footnote on inflation: Nanking reports that the Executive Yuan Commission for American Relief Supplies already has allocated two trillion eight hundred billion and a few odd hundred million Chinese dollars, mostly for medical aid.

In anticipation of currency reform, Western Germans are hurrying to spend what they can. Frankfurt Radio reports students trying to pay their next year's tuition now, while dentists and doctors are flooded with patients suddenly anxious to get long-procrastinated attention. Some oldsters have been shopping for coffins . . .

Another report is that black-marketeers, jailed for their offenses, are given extra rations, since they are unable to supplement the official coupons by access to their usual haunts. You may not believe this. I'm not sure that I do.

Sir Stafford Cripps admits he underestimated by 46 percent Britain's trade deficit for January-June. At the same time, the standard petrol ration is restored . . .

Bull Market

You may think we are in a bull market on the New York Stock Exchange, but take a look at these prices in inflation-tossed China, as given in the *China Economist* a few weeks ago. The data go back to last year, and represent quotations in yuan per share.

Stock	Jan. 4	Feb. 10	May 19
Wing On Textile.....	605	1,255	5,800
Mayar Silk Co.....	1,800	3,750	30,360
Hsing Ho Cotton.....	224	458	2,890

Because of the inflation, Chinese companies have to increase their capitalization at intervals. Wing On Textile, according to the *China Economist*, is a moderate CNC\$60 billion corporation. Shares have a par value of CNC\$10. The unit of trading on the stock exchange is 100,000 shares.

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Quiz #4 that should make you feel mighty proud of yourself

In ten minutes, the average American worker earns enough to buy a quart of milk.

Russian babies need milk, too. And how long do you think it takes the average Russian worker to earn enough to buy a quart of milk? Check one of these 3 figures:

10 minutes ☐

59 minutes ☐

29 minutes ☐

THE RIGHT ANSWER—whether you know it, guess it, or read it below—should make you feel mighty proud of the way we do things in this country; of how much more our economic system does for us than any other system does for any other people.

And all the people who work at The First National Bank of Chicago feel just as proud as you do, because the American way of *banking* is one of the many things that help make the American way of *living* the best way in the world!



The First National Bank of Chicago

Building with Chicago since 1863

Dearborn, Monroe and Clark Streets

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Reprints of this series of advertisements are available upon request for use in factories, offices, schools and other institutions. Address Dept. 11. Comparisons are based on industrial wage rates and prices prevailing in early 1948.

ANSWER

59 Minutes—practically a full hour
almost six times as long!

News for Country Bankers

(CONTINUED FROM PAGE 51)

been broadened to cover municipals, corporates, and others, in addition to governments, capital positions, etc.

Forestry Committee Reports

IF the 21 million acres of prospective timberland in Florida ready for reforestation were planted in trees, protected from fire, and handled under modern forestry methods, these vast acres would produce more dollars per annum, year after year, than do the state's two best money crops—citrus and tourists, said G. G. Ware, chairman of the Forestry Committee of the Florida Bankers Association, in the committee's first annual report.

The committee recommended a two-part program to the association's member banks, as follows:

Part One: That the banks compile names of landowners, location of land, and acreage and determine, with the aid of agricultural technicians, which lands are suitable for forestry and reforestation; make a map showing this data; and determine the type of seedlings best adapted to the particular soil.

Part Two: That the banks promote fire protection; planting of seedlings; urge landowners to work for appropriations to enlarge seedling nurseries; educate landowners in the value of their timber; and sell landowners on reforestation.

Mr. Ware's own bank, The First National Bank of Leesburg, is mailing out to its customers a small "Keep Florida Green" folder along with the reprint of 12 articles on "Forestry in Florida," written by Paul Wilder for the *Tampa Morning Tribune*. The *Tribune* articles tell the story of the value of "planned forestry" in Florida and are available to the banks for distribution without charge.

Balanced Farming Succeeds

BALANCED farming is paying dividends to Carroll County, Missouri, farmers, and, of course, to the community in general. That's the word from the Balanced Farming Committee of the Carroll County Farm Bureau in Carrollton. In an illustrated folder the committee contrasts the economic progress of farmers (105 farms) participating in this program with non-participants.

Under the heading "Money in the Bank," the folder states that balanced farming cooperators in 1947 increased their net worth by almost \$2,000 and had an average investment of \$24,896.67. Net incomes averaged \$5,558.42 per farm last year compared to an estimated \$3,500 for the average Carroll County farm.

"A balanced farm plan on every farm in Carroll County



Claude Hummel, agricultural specialist of the Federal Reserve Bank of Cleveland, and Dick Kathe, program director, during a "Rural Banker Reports" bi-weekly feature of the farm program broadcast over WGAR weekdays from 6:30 to 7 A. M., in which the FRB and station cooperate

would mean an agricultural income of from \$8 million to \$10 million annually—equivalent to a payroll of \$160,000 to \$200,000 per week," says the folder.

"Carroll County balanced farmers in the past two years have built 115 miles of terraces, four miles of drainage ditches and 104 terrace outlets," the folder states. "This is eight times more terraces and 16 times more terrace outlets than were built on all other Carroll County farms."

The Missouri balanced farming program is sponsored by the University of Missouri in cooperation with industrial groups, including the Missouri Bankers Association.

Community History Featured in Ads

PEOPLE living in the Weyauwega, Wisconsin, community were reminded during the long, cold evenings of the past Winter that their community was built by inventive genius and sturdy pioneering. The Farmers & Merchants Bank tied a 16-week newspaper advertising campaign to the Wisconsin Centennial celebration by reviewing 100 years of local history.

As a rule, the ads ran two and three columns wide, were set in solid type, interspersed with bold subheads and heavy rules. There were no illustrations. The bank's objective was to emphasize how teamwork, with the people, local industry, agriculture, the schools and churches working together, had built a prosperous community and to feature the role of the bank in developing and tying the community together.

In the introductory ad, under a bold subhead reading, "Here Is Where Our History Begins," the bank pointed out that "Weyauwega, Royalton, Fremont, Readfield, Bloomfield and Lind were but a wilderness 100 years ago," and it reminded its readers that there were no banks in this community in 1848.

Subsequent advertisements sketched the development of



At the Pacific Northwest Bankers Conference, Pullman, topics included operating costs, credit, anti-inflation, taxation, personnel and public relations. Left to right, Ralph Thom, Portland; J. E. Smith, Lancaster, Wash.; D. J. Needham, A. B. A. General Counsel, Washington, D. C.; Maxwell Carlson, Seattle; D. H. Wageman, Seattle; William Bell, Portland; Senator Harry P. Cain; Reno Odlin, Tacoma; Leon Rightmire, Yakima; Ira Camp, LaCrosse, Wash.; and F. C. Forrest, Pullman

community life, water power, chartered banking, railroads, electricity, agriculture, and other local industry. These sketches included the names of many of the pioneers in this part of the Badger State.

The bank's leadership inspired other towns to combine to sell the community to the people and at Easter Weyauwega businessmen joined with the Farmers & Merchants Bank in a full-page ad featuring the histories and influence of the local churches.

One of the ads was devoted to announcing the bank's \$100 cash award essay contest on the theme "Why I Like My Community," which was open to all grade and high school students in the "greater community." Over 25 schools participated and 13 of them produced 38 prize winners. The bank's officers personally visited these schools, talked with the children, furnished them with literature, and encouraged them to read the historical sketches. Over half of the schools posted the advertisements on their bulletin boards. The bank carried its appeal to the young people a step further by featuring local opportunities in a two-column ad at graduation time. The ad contrasted the advantages of rural community life with the advantages—and disadvantages—of big city life.

Florida Holds Farm School

THE Florida Bankers Association sponsored and the General Extension Division and College of Agriculture, University of Florida, conducted the first Florida Bankers Agricultural School at Gainesville from June 7-11.

The program was designed to meet the demand of Florida

Agricultural Schools and Clinics

- July 8-10 Nebraska Bankers Association, Bankers Clinic at Doane College, Crete
- Aug. 16-20 New York State Bankers Association, Bankers School of Agriculture at Cornell University, Ithaca

bankers for technical information on agricultural subjects which would be helpful to them in handling their daily credit extensions. The curriculum was divided into four sections, namely, livestock, forestry, citrus and general agriculture. Each banker elected the section in which he wished to specialize.

The first day's sessions were general and were attended by all bankers and the following four days were devoted to the four sections. Mornings were devoted to getting theory in the class rooms and field trips were taken during the afternoon by all four sections to see how the theory worked out.

Soil School for Farmers

COUNTY key bankers in southwest Arkansas, northeast Tennessee, southeast Oklahoma and northwest Louisiana have been asked to contact 50 farmers who can and will attend a three-day short course on "What Soil Conservation Means to Arkansas and the South" at A & M College, Magnolia, Arkansas, from July 14-16. Thomas W. Stone, president, Arkansas Bankers Association, cooperated with the sponsors, A & M College and daily newspapers of southwest Arkansas, in working out arrangements with county key bankers.

FOR YOUR CALIFORNIA CORRESPONDENT, THINK OF CROCKER FIRST



Credit Information On Western Firms

Send your requests for credit information on Western firms to us.

Through our more than seventy-seven years of banking experience, and our long-standing correspondent connections throughout the West, we are able to provide complete and accurate credit information promptly.

*Our experienced personnel will give prompt attention
to your requests for service or information.*

CROCKER FIRST NATIONAL BANK OF SAN FRANCISCO

1 MONTGOMERY STREET
SAN FRANCISCO

FRANKLIN AT THIRTEENTH STREET
OAKLAND

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

11-8
1210

A SYMBOL
OF SOUND
BANKING FOR
SEVENTY-SEVEN
YEARS.

EASTERN REPRESENTATIVE
20 Pine Street • New York

GI Loan Experience—An Over-All Picture

The data included in this report on loans made by banks to veterans under the Servicemen's Readjustment Act are based upon a four-month study by the Veterans Administration, which was turned over to the American Bankers Association's Committee on Service for War Veterans for tabulation. The analyses which follow are by the Association's Small Business Credit Commission, Mortgage Research Department and Agricultural Commission.

THE banks of the country are making 95 percent of the business loans, 46.8 percent of the home mortgage loans, and 86.7 percent of the agricultural loans to World War II veterans under the Servicemen's Readjustment Act, according to a four-month preliminary spot survey conducted in 1947 by the Veterans Administration.

Total Loans Approved by VA

From the inception of the GI guaranteed loan program up to April 25, 1948, an aggregate total of \$7,282 million has been approved by the Veterans Administration for all types of loans to 1,321,000 veterans. Of this amount, \$297 million was for business loans to 93,000 GI's; \$174 million was for agricultural loans to 44,600 GI's; and \$6.8 billion was for home mortgage loans to 1,183,000 GI's.

In the agricultural loan bracket, \$9.9 million have been repaid in full, while the net amount of default claims has been negligible, involving less than \$275,000.

In the home loan field, loan and guaranty averages were \$5,750 and \$2,740 respectively. Defaults numbering 31,370, equivalent to 2.65 percent of the total number of loans, were reported by lenders. Of these defaulters, approximately 16,000 were cured, 13,500 are still pending disposition, and 2,000 resulted in claims. Claims were paid in 1,096 cases, amounting to \$1,859,035, or three-one hundreds of 1 percent of the total loan volume.

The average loss per property was \$1,696, or 62 percent of the average guaranty of \$2,741, leaving 38 percent, or \$1,045, as the appraised loss for guaranty payment purposes. Based upon the average loan of \$5,802, the average loss per foreclosure property was equivalent to 29 percent.

Business Loans

Six out of every 10 veterans are going

into business for themselves, according to the VA's business loan survey. The fields attracting the largest proportion of these new private enterprisers are: Retail trade, 22 percent; services, 13.9 percent; transportation, 9.3 percent; trade crafts, 4.2 percent; and professional and semi-professional, 4.1 percent.

Fifty-six percent of the business loans were used by actual borrowers to purchase equipment; 23 percent for supplying working capital; and 13 percent for purchasing, building, or improving real estate. As a result, the security for 74 percent of the loans was chattel mortgages or title retention contracts on personal property, and on 16 percent of the loans the security was real estate mortgages.

While the average business loan amounted to \$3,210, the Small Business Credit Commission points out that 15 percent of the loans did not exceed \$1,000; 41 percent did not exceed \$2,000, and 77.7 percent did not exceed \$5,000. About 15.5 percent of the loans ranged from \$5,000 to \$10,000; 4.3 percent from \$10,000 to \$15,000; and 1.6 percent from \$15,000 to \$20,000. Only six-tenths of 1 percent exceeded \$25,000.

The maturities of the loans varied considerably, depending upon whether they were "all realty" loans or "all non-realty" loans. "All realty" loans represented only 13 percent of the total with about 86 percent of them maturing between five years, 10 months, and 25

years; and 39 percent of this group carried maturities of over 10 years and 10 months.

"All non-realty" loans represented 83 percent of the total of all business loans, with 19 percent of these maturing in less than one year and seven months; 78 percent within three years and three months; and 95 percent within five years and nine months. Only 1 percent of the business loans carried maturities in excess of 10 years, 10 months.

Home Mortgage Loans

Forty percent of the home mortgage loans were made by commercial banks, 6.8 percent by savings banks, 31 percent by savings and loan associations, and 6.5 by insurance companies.

Of the 8,400 dwellings purchased by veterans during this four-month period at prices ranging between \$2,000 and \$5,000, 6,800 of these units represented existing property, while the remaining 1,600 represented new structures. A similar pattern was indicated for the 10,200 dwellings in the \$5,000 to \$7,000 sales bracket with 6,700 existing units and 3,500 new structures bought by veteran purchasers. A more equitable distribution between old and new structures is found in the 15,700 units sold in the \$7,000 to \$10,000 class, with 8,200 new structures as against 7,500 existing houses being purchased by veterans in that price range.

It is interesting to note, says the A.B.A. Mortgage Research Department, that of the total volume of loans made, those which sold for not more than \$7,000 accounted for 46 percent of the total number.

The Department observes that it is surprising that of the total number, 63 percent carried maturities of 20 years and over, while only 15 percent matured in less than 15 years. Approximately 50 percent of the loans on existing structures carry maturities in excess of 20 years.

Agricultural Loans

During the four-month period covered by the VA survey, 89.6 percent of the total agricultural loans guaranteed by the VA were for full-time farmers; 9.4 percent for part-time farmers; and 1 percent of the borrowers were of an unreported status.

Banks made 86.7 percent of agricultural loans, insurance companies made 7.1 percent, savings and loan associations, 2.6 percent, and individuals and



"How long have I been waiting for delivery of what—car, house, baby?"

other credit sources, including government agencies, 3.6 percent.

Agricultural loans for the purchase of farms and buildings averaged \$5,500, while loans for seed, feed, and other short term credit averaged \$2,000. Forty-nine percent of the loans made are being retired on an annual installment basis; 33½ percent are amortized on a monthly basis; and the balance represent other kinds of payment arrangements.

Slightly more than 51 percent of the GI farm loans are secured by real estate mortgages, 45.4 percent by chattel mortgages, 1.4 percent by conditional sales contracts, 1.7 percent by other instruments of security, and only four-tenths of 1 percent are secured by land sale contract.

Livestock Purchase Loans

A significant part of the veterans' farm loans were for the purchase of livestock, equipment, alterations, and production. A breakdown of the loans made during the four-month period indicates that: 33.6 percent of the loans were for less than three years and three months; 16.8 percent were for three years, four months to five years and nine months; 20.8 percent for a period from five years, 10 months to 14 years and 11 months; 10 percent were for a duration of from 15 years to 19 years and 11 months; 12.6 percent were for periods of from 20 years to 20 years and nine months; and only 6.2 percent were made for a maximum term of from 20 years, 10 months to 40 years. It is the opinion of the Agricultural Commission that the last four classes probably covered real estate mortgage loans. It points out that it is interesting to note that a substantial number of these loans are for terms of less than 20 years.

Over Half for General Farms

The survey also reveals that 44.9 percent of all loans were for the purchase of farm land and/or buildings; 25.2 percent were for the purchase of equipment; 5.7 percent for livestock; 7 percent for other unclassified purposes; 19 percent for improvements, alterations, and combination loans excluding working capital; and 4.5 percent principally for working capital. The figures indicate that 51.9 percent of the loans were made for the purchase of general farms; 19.8 percent for the purchase of specialized farms, producing grain, cotton, fruits, vegetables and other crops; and 18.9 percent for the purchase of dairy farms; 6.5 percent for ranches producing livestock; and 2.3 percent for poultry farms.

July 1948

A GI Loan Case History

AN Atlanta, Ga., veteran, who eight months ago scraped the bottom of his financial barrel, today is riding the crest of a booming business grossing \$500 monthly. For a lone operator, the figure is impressive.

It's a minor success story. It's also the story of a man whose hard work and determination are teaming up with his GI loan to reap dividends.

When 31-year-old Guy C. Pitts brought his patented mobile accounting service to Atlanta less than a year ago, he began breaking new ground, for it was the first unit of its kind to enter the city. Today he is forming plans to add another unit within the next few months.

Flight Officer Pitts was still on terminal leave from the Air Force when he asked Atlanta's Citizens and Southern National Bank for a veteran's loan in July 1946. He carried with him to the bank an idea—pictures of the Cunocar set-up—and little money.

But he did have accounting experience—one and a half years at Benjamin Franklin University, 93 hours in cost accounting at Georgia Tech, and employment as accountant with firms in Atlanta.

Good Presentation

The ex-GI appeared before the Citizens and Southern veterans' loan official and presented his case. As a selling point he had pictures of the special truck which bears the mobile unit. He requested a loan of \$3,000.

P. M. Denning, bank loan official, was impressed from the start. As he recalled afterward, "I was fascinated by the mobile unit idea. It was the first time I had ever heard of such a system."

But more still, he was impressed by Pitts and the way he presented his request. Unlike so many applicants, who hardly know in which direction they are headed, Pitts brought along a balance sheet of planned expenditures and a forecast of expected operating costs during the first 12 months.

Many bankers might have struck Pitts off as a bad risk, for he had little money. But Mr. Denning stacked his judgment of men against banking technicalities. He issued the loan and gave the veteran 36 months instead of the customary 24 in which to repay it.

But getting approval for the loan was the veteran's easiest step toward success. Difficulties began at the outset when he

tried to obtain his truck, and upon this vehicle hinged all the plans.

Delays and red tape held up delivery of the truck for three months, and then, when everything appeared to be in readiness, a misunderstanding caused the loss of another three months. Pitts was forced to make several trips to Washington before finally getting results.

Meanwhile, he had a wife and two small children to support. So while the all-important truck stood immeshed in



Quick, Easy, Photo-Clear Facsimiles Suggest One Copying Job After Another

No need to send out checks, letters, records and other printed matter whenever you want copies. Very simply . . . very quickly . . . your office boy can make them on the Hunter Photo-Copyist . . . without making a single error . . . in your own office.

Every Hunter photo-copy is sharp, clear, legible . . . often better than the creased or worn-out original. In fact the Hunter Copyist is so versatile . . . so efficient . . . so economical that you'll find more and more uses for it as you go along.

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Simply lay Hunter Paper and your original on the ground glass of the machine . . . clamp the cover . . . turn on Automatic Time Switch . . . and in a few seconds the negative is completely exposed. It's just as simple as that.

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FREE DEMONSTRATION—In just five minutes your Hunter Representative can show you how quickly and accurately the Photo-Copyist can reproduce your own work. WRITE US TODAY for a FREE demonstration.

HUNTER PHOTO COPYIST, INC.
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red tape, Pitts worked night and day punching comptometers.

"I punched comptometers," he says, in looking back on this period, "for any and everybody. And I punched them just as long as there was anyone around to keep the offices open."

His driving incentive was to save enough money to tide over the opening period of his prospective business venture.

Finally the truck arrived. He outfitted it with as much secondhand equipment as he could find—two typewriters and a comptometer from the War Assets Administration and an old

type bank-posting machine from an Atlanta bank. The posting machine had to be remodeled according to certain specifications. Every penny counted, and the veteran pinched them all.

On April 1, 1947, he started commercial operations with Atlanta's first mobile unit.

And here he ran head-on into another obstacle. People were not familiar with the new type of service. The accountant faced a major public relations problem, one of educating the public to the method and effectiveness of his service.

The first few months were bare and discouraging. The savings dwindled.

But Pitts kept plugging away. He parked his truck along popular thoroughfares, and the very uniqueness of his set-up attracted the curious. He made individual calls and demonstrated his unit. Gradually more and more people became familiar with the "trucking accountant."

Now he simply parks his truck before a home or office and brings out the client's records. Aided by machines, he services the records there in his truck. And within a short time the job is complete and the records returned.

As for the effectiveness of his service, Pitts said he proved that by the quality of his work. Even now he does everything himself, from sweeping out the truck to typing reports. Because of his thoroughness, no secretary as yet has satisfied him.

The dark clouds cleared for Pitts last July. He was down to his last few dollars. Since then business has boomed on one continuous upward surge. He has



"Will you admit that says 'Paying'? You will? Well, that's what I'm trying to do—pay a loan!"

been forced even to turn down a number of accounts in the last few months. On an average day now he covers 15 miles and makes five calls.

The accountant has kept books on himself, too. He estimates his monthly gross at a healthy \$500, and, considering the low operating cost, the figure is impressive. The veteran said his greatest expense is in depreciation of truck and equipment. He figured it totaled \$37.25 per month.

Because of the wholehearted acceptance of both himself and his service, he is busy today with plans for expansion.

New Quarters for 425 BANKS since V-E day alone!



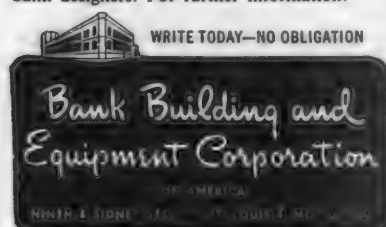
Let us help you plan yours!

If your bank contemplates new quarters, get in touch with us. We design, build, modernize and equip banks *exclusively*. When we execute your project, your new quarters plans are based on a comprehensive preliminary study of your **BANKING** as well as "building" needs. Get the facts on this unusual organization—



how our bank building Analysts help plan your bank . . .

Building or modernizing a bank calls for more than architectural ability. That's why our designers first study a comprehensive survey of your needs, made by our experienced bank Analysts. These men survey your flow of work, distribution of space, new facilities required, likely expansion needs. This *thorough approach* to bank planning is exclusive with us . . . America's most experienced bank designers. For further information:



New York State Bank Population

BANKING received the following letter from the Banking Department of the State of New York and is pleased to publish it as a correction to our previous information:

"The May issue of **BANKING** contains on page 128 a recapitulation of banking figures which first appeared in the latest edition of the *Bank Directory*.

"Some data relative to New York State seem to be incorrect and we

would like to bring this to your attention. At the end of 1947, this Department received reports from 255 State banks and trust companies with 512 branches, 13 industrial banks operating 22 branches, and 5 private bankers. With reference to savings banks, there are 131 authorized to operate 85 branches. This information, together with selected assets and liabilities of both State-chartered and national banks, is given in the following table:"

	No. of Banks	No. of Branches	Capital Accounts (In thousands of dollars)	Deposits	Total Resources
National banks	389	194	1,012,856	12,390,716	13,752,839
State banks and trust companies	255	534	1,759,894	18,720,588	20,677,027
Industrial banks	13	22	16,716	155,998	178,564
Private banks	5	—	18,797	228,700	268,360
Savings banks	131	85	1,041,640	9,814,536	10,882,519
Total	793	835	3,849,903	41,310,538	45,759,309

Consumer Credit News

(CONTINUED FROM PAGE 59)

sound, yet profitable operations in the consumer instalment credit field, and it will assist in formulating standards of practice and uniform systems of accounting."

Consumer Lending Directory Revised

A revision is now being made of the "Consumer Instalment Lending Directory," published in 1946 by the Consumer Credit Committee of the American Bankers Association. The completed directory will be distributed this Fall. It will add several new features, including a detailed explanation of the procedure a bank should follow in sending a collection item to a cooperating bank. Photostat copies of all papers pertaining to the indebtedness, together with duplicate receipts, will be discussed.

More than 9,000 banks engaged in some phase of consumer instalment lending are listed in the 1946 edition of the directory and about 7,000 of these banks are now participating in the reciprocal collection service it provides. These banks have had a gratifying measure of success in collecting thousands of skip and delinquent accounts.

The 1948 revision of the "Consumer Instalment Lending Directory" became necessary because of the large number of changes in the names of the banks and changes in the personnel manning the consumer credit departments.

Machine Posting vs. Date-Stamping

In a bank's consumer credit department, machine posting offers many advantages over the system of date-stamping a

prescheduled card, said Reginald T. Cole, vice-president, Title Guarantee Trust Company, New York, in an address to the Bank Operations Conference at the 46th annual convention of the American Institute of Banking in Buffalo.

Ledger card neatness is the first advantage of machine posting, Mr. Cole asserted. "One of the real problems of the dating method," he said, "is the careless use of the date stamp . . . causing mistakes in remaining ledger balances."

"Second, all short or varied payments are absorbed in the cross addition of the machine-printed new balance in contrast to pen and ink notes made on the ledger card from mental calculation necessary in the date-posting method."

"Third, total of fines collected for late payments is controlled through automatic addition in machine-posting as against special adding machine run in the date-posting method."

"Considering the relative merits of the finished posting in terms of neatness and journal proof, the machine method should appear preferable."

"In using department ledger cards for collection and credit information purposes, the advantages enjoyed through using the machine-posted card would be:

"(1) Greater availability of ledger cards even during posting time as the machine-made journal record would be completed in one operation across the page in contrast to two unrelated adding machine listings not part of one continuous posting necessary in the date-posting method."

"(2) Neatness of the card under the machine method."

"(3) Elimination of errors in reading balances due to careless hand date printing."

"(4) Correct balance owing can be machine-printed in the use of a flexible payment contract, a type of contract for which the pre-scheduled card is not adapted."

"(5) Absence of pen and ink figures on short payments."

NATIONAL CITY BANK TRAVELERS CHECKS

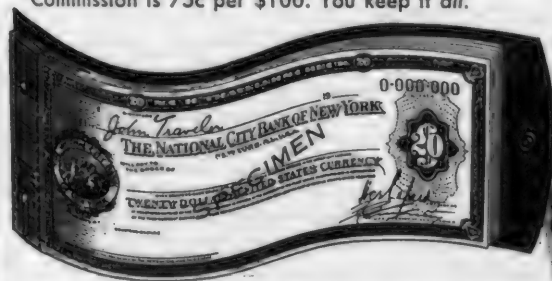
are advertised regularly in leading magazines, here and abroad

This means business for your bank!

All over America and in many foreign countries travelers are being told about the safety, spendability, convenience and economy of NCB Travelers Checks. Every advertisement urges readers to "Ask for them at your bank." In your community, this can mean **YOUR** bank!

Free newspaper mats, blotters, pamphlets, and posters will help your bank get its share of this profitable business. Write for details.

Sold in denominations of \$10, \$20, \$50 and \$100. Commission is 75c per \$100. You keep it all.



BACKED BY THE NATIONAL CITY BANK OF NEW YORK

First in World Wide Banking

HEAD OFFICE 55 WALL STREET, NEW YORK 15, N. Y. 65 BRANCHES IN GREATER NEW YORK

Member Federal Deposit Insurance Corporation

July 1948

New Books

Government Costs in '52

GOVERNMENTAL COSTS AND TAX LEVELS. By *Lewis H. Kimmel*. The Brookings Institution, Washington, D. C. 149 pp. \$2.50. Dr. Kimmel's realistic appraisal of the American fiscal situation—federal, state and local—in the years immediately ahead leads him to describe it as "highly precarious."

If the business boom continues, the problem of meeting costs of government doesn't seem unsolvable. "However," he adds, "in view of the possibility of fluctuations in national income, it remains necessary to work for the maximum reduction in expenditures consistent with the maintenance of indispensable governmental services and activities. Only thus can we expect to realize the reductions in taxes which are demanded in the interest of a healthy economy."

The author emphasizes that his estimates for 1952 expenditures are what he thinks governmental costs "will be, not what they *should be*." Here are the figures: Federal, \$26,050 million; state, \$6,050 million; local, \$8,400. Maximum and minimum figures are also given for each. Dr. Kimmel points out that the indicated federal expenditures for the fiscal year 1952 are more than three times 1940's \$8,469 million and, on the other hand, less than half of 1946's \$56,749 million.

He explains that his 1952 estimates were determined after a careful study of evidence as to probable levels of governmental costs and the factors affecting them, with major consideration of public policies. Population growth, probable production and national income trends and possible price level changes were also taken into account.

General assumptions underlying the estimates are: (1) That living costs and general price indexes will be about 50 percent above 1940 and that the pay of government employees will increase by roughly the same amount as the cost of living; (2) that fiscal 1952 will be a generally satisfactory business year, with "substantially full employment;" and (3) that there will be no sharp change over 1940 in "the distribution of total activities between the public and private sectors of the economy."

The problem of obtaining the revenues to meet these estimated total costs of about \$40 billion is considered at length, particularly from the viewpoint

of changes in national income and tax revenues, and the demands for tax reduction.

Dr. Kimmel notes the insistent pressure for increasing some expenditures and for decreasing others, the increasing insistence that the tax burden be lightened, and the sensitivity of the tax structure to economic changes.

"Unless the present extraordinary boom conditions continue permanently," he says, "we are certain to face serious fiscal problems. . . . It seems not improbable that both high expenditures and lower taxes may be approved, on the assumption that business activity and national income will continue at peak levels."

Money Management

BORROW AND PROSPER. By *H. L. Edsall*. Rockport Press, Inc., New York. 51 pp. \$1. This little book, says the author, is for those "who have no instinct for thrift but who want to have their cake and eat it, too."

It describes a system of debt consolidation, worked out with the aid of a "liquidity loan" from the bank, which constitutes a complete package for use in the management of personal affairs. Budgets for 11 separate and regular expenditures (such as vacation, car fund, insurance, clothing, housing, etc.) are set up and worked out. Special ledger sheets for operating the monthly accounts on the reader's own cost schedule are bound in.

PERSONAL FINANCE. By *Elvin F. Donaldson*. Ronald Press, New York. 485 pp. \$4.50. Designed to help the average person "do a better job of managing his hard-earned money" and to "think clearly and move wisely toward financial independence," this book is a non-technical discussion of money problems. Usable as a text for college students, it offers aid to everyone interested in making the most advantageous use of his money.

Subjects covered include buying on credit, budgeting, bank accounts, checks, savings, government bonds, life insurance, home ownership, investment in securities, speculation, taxes, wills and trusts.

Administration of Germany

AMERICAN MILITARY GOVERNMENT IN GERMANY. By *Harold Zink*. Macmillan Company, New York. 266 pp. \$4.

This very concisely written report on the postwar administration of Germany is the work of a professor of political science at DePauw University who served in the U. S. Army from 1943 to 1945. He was assigned to the German Country Unit of SHAEF as American editor of the *Handbook for Military Government in Germany*, and to the U. S. Group, Control Council for Germany, as consultant on the reorganization of the German government.

The book begins with a brief discussion of the importance of military government and the preliminary preparations for carrying it on in conquered countries. There is some very pointed and well considered criticism of Army policy in connection with this phase of military duty. Dr. Zink examines the conduct of military government in Africa, Italy and elsewhere, but gives most of his attention to problems encountered in Germany.

After pointing out the importance to the United States and to the world of a satisfactory administration of German affairs, Mr. Zink says: "Perhaps the most essential step which needs to be taken . . . is the general recognition in the United States that we must commit ourselves to a program in Germany covering a period of at least 10 years."

The German Problem

GERMAN REALITIES: A GUIDE TO THE FUTURE PEACE OF EUROPE. By *Gustav Stolper*. Reynal & Hitchcock, New York. 332 pp. \$3.75. "No man of this generation, perhaps," says Sir Norman Angell, "is better equipped than was Gustav Stolper to explain to Americans the realities of the German problem, the right solution of which is so tragically indispensable to peace."

Elliot V. Bell, superintendent of banking of New York State, says of the book: "Although I cannot in every respect agree with Dr. Stolper's analysis of the German problem, I have found the book to be extremely provocative, interesting and readable, and I recommend it to all those interested in the problem of European recovery."

An Austrian by birth, Gustav Stolper became, in the Twenties, owner, publisher and editor of the *German Economist*. On the advent of Hitler he brought his family to America. In February 1947 Herbert Hoover chose him as his economic expert for his mission to

(CONTINUED ON PAGE 124)

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A quarterly dividend of 50¢ a share, plus an extra dividend of 30¢ a share, has been declared on the common stock of this company, payable on July 1, 1948, to stockholders of record June 9, 1948. R. E. Horn, President, North Chicago, Illinois, May 27, 1948.

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A dividend of 75¢ per share or three per cent (3%) on par value of the shares of The Texas Company has been declared this day, payable on July 1, 1948, to stockholders of record as shown by the books of the company at the close of business on June 4, 1948. The stock transfer books will remain open.

L. H. LINDEMAN

Treasurer

May 27, 1948

Books—Continued

Germany, result of which was Mr. Hoover's "Third Report to the President." The author died at the end of that same year.

In the first part of the book Dr. Stolper takes stock of the situation in Germany, and in the second he discusses specific problems, in an effort to answer the question: What are the basic misconceptions which may already have made the German problem insoluble and peace in Europe thereby impossible?

Other Books

STUDIES IN THE THEORY OF WELFARE ECONOMICS. By *Melvin Warren Reder*. Columbia University Press, New York. 205 pp. \$3. An exploration of some implications of welfare theory as it has developed in the last few years. The author is assistant professor of economics at Carnegie Institute of Technology.

WIRING A CONTINENT. By *Robert Luther Thompson*. Princeton University Press, Princeton, New Jersey. 526 pp. \$7.50. The history of the telegraph industry in the United States from 1832 to 1866.

BRITAIN AND WORLD TRADE. Macmillan, New York. 194 pp. \$5. A report by Political and Economic Planning, an independent British research and fact-finding organization. The underlying assumption of this study is that the International Trade Organization can succeed.

RETAIL CREDIT FUNDAMENTALS. By *Clyde W. Phelps*. McGraw-Hill, New

"Why piped-in music? With a juke box you'd make money!"



York. 309 pp. \$5. A revised edition of the official textbook of the National Association of Credit Men designed to meet the needs of members. The author is professor of economics at the University of Southern California.

REAL ESTATE ANALYSIS. By *William H. Husband and Frank Ray Anderson.* Richard D. Irwin, Inc., Chicago. 565

Balancing Banking

(CONTINUED FROM PAGE 56)

tion project in the club. He is the originator of the community 4-H Club plan under which members meet once a month for a social gathering and to attend to business. Members also meet at least once a month in project groups.

He backs his service to the youth of the community with loans, and has financed numerous dairy heifers for club members. The bank's smallest loan was for \$1.25 to a club boy to purchase 25 baby chicks. The loan was repaid a quarter at a time. He has seen more than 300 boys and girls go through the club. One member is his 12-year-old daughter, Shirley. In 1946 the club's dairy judging team won the state championship, placed third in the 4-H judging contest at the National Dairy Congress at Waterloo, Iowa, and fourth in the national 4-H dairy judging contest at Columbus, Ohio.

"There is no argument about it," Mr. Evens says. "4-H work builds community cooperation and character. I have been able, through cooperating with the youngsters, to get cooperation from their parents in my soil conservation work."

Mr. Evens' work has been recognized as outstanding outside of his own community. He is chairman of the agricultural credits committee of the Missouri Bankers Association and recently served on the staff of a balanced farming short course for bankers and businessmen at the State College in Columbia.

It would seem that his banking, 4-H soil conservation activities and farm operations would be enough to keep him busy, but he also finds time to teach Sunday evening Bible School class at the Methodist Church. He is active in the Masonic Lodge and prominent in Republican politics. And he finds time to hunt quail and do some fishing.

Mr. Evens went to work in the Peoples Bank at Butler, the county seat, in 1920, immediately after graduating from high school. A year later he became assistant cashier of the bank in Foster and in January 1926 he and Mrs. Evens opened the Amsterdam bank.

pp. \$6. Real estate principles and practices are reviewed. One part deals with financing. Mr. Husband is general manager of the Federal Savings and Loan Insurance Corporation, and Mr. Anderson is assistant general manager.

SUCCESSFUL INVESTING FORMULAS. By *Lucile Thompson.* Barron, New York. 172 pp. \$3. An associate editor of *Barron's* reviews "formula planning, a comparatively new investment procedure." Details of nine currently used plans are included.

THE BUSINESS OF FARMING. By *Herrell DeGraff and Ladd Haystead.* University of Oklahoma Press, Norman, Oklahoma. 238 pp. \$3. Dr. DeGraff, professor of agricultural economics at

Cornell, and Mr. Haystead, a farm consultant, collaborate in a general management manual designed for all who are interested in farming. As the title suggests, the emphasis is on the business side. The text covers soil, equipment and labor management and farm organization.

STUDIES IN FINANCIAL ORGANIZATION. By *T. Balogh.* Cambridge University Press (Macmillan, New York). 315 pp. \$4.50. A National Institute of Economic and Social Research Study, this volume deals with Britain's clearing banks and the evolution of bank credit in that country since World War I, the British money and discount market, and other banking and finance firms in London.

Is the Owner's Equity Protected?



The mortgagee's interest may not be affected but, in these days of rising construction costs, amounts of insurance should be checked, and increased, if necessary, to cover today's values and the owner's equity in a property.

It's good business to call these facts to the attention of the property owners you serve - now!

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Equitable Fire & Marine Ins. Co.
Providence 3, R. I.

The Central States Fire Ins. Co.
Wichita 2, Kansas

Minneapolis F. & M. Ins. Co.
Minneapolis 2, Minn.

Safeway Stores, Incorporated

Preferred and Common Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on May 28, 1948 declared quarterly dividends on the Company's \$5 Par Value Common and 5% Preferred Stocks.

The dividend on the Common Stock is at the rate of 25c per share and is payable July 1, 1948 to stockholders of record at the close of business June 17, 1948.

The dividend on the 5% Preferred Stock is at the rate of \$1.25 per share and is payable July 1, 1948 to stockholders of record at the close of business June 17, 1948.

MILTON L. SELBY, Secretary.

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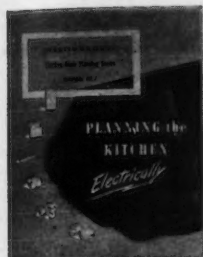
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Business Aids

EACH month this column will list recent acquisitions of manufacturers' literature which will supplement the

material indexed in 1947 by the A.B.A. Small Business Credit Commission.



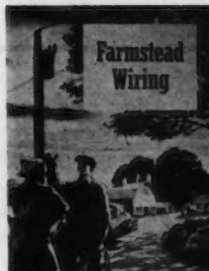
HOME PLANNERS' LIBRARY—"Planning the Kitchen Electrically" is a 74-page book that explains the principles of kitchen planning. It eliminates hours of detailing by using 64 standardized layouts that are

adaptable to practically any kitchen. Basic kitchen layouts drawn to $\frac{1}{4}$ in. scale are clearly indexed for quick reference for finding a design needed for specific requirements. It contains chapters on: Fundamentals of Kitchen Planning, Basic Kitchen Layouts, Design Details, Kitchen Lighting, Electrical Outlets and Circuits, Application to Specific Homes and Kitchen Equipment. The book is of particular value to architects and builders interested in remodeling as well as new construction. Price \$1.00. Available from *Westinghouse Electric Corporation, Better Homes Bureau, P.O. Box 868, Pittsburgh, Pa.*



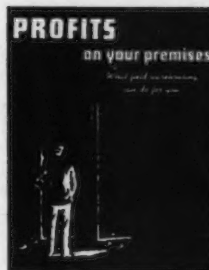
AGRICULTURE—"You Have What It Takes to Contour and Terrace" is an illustrated 16-page booklet which tells farmers how to carry out recommended soil conservation practices on their farms, using only the regular equipment they already possess.

Free on request to *Allis-Chalmers Mfg. Co., Tractor Division, Milwaukee 1, Wisconsin.*



"FARMSTEAD WIRING"—A 44-page booklet which provides a step-by-step guide in planning a complete, modern electric wiring system for the farm. A check list of several hundred specific uses of electricity on farms provides an organized guide for the

farmer or electrical contractor or others advising the farmer in selecting the proper wiring for the electric installation to meet the farmer's present needs and those expected over a period of years. Other chapters give complete treatment of the interior wiring designs for the various types of farm buildings and the exterior distribution system as well as guides for wiring materials and methods which should be used. Price 25 cents per single copy. Available from *Westinghouse Electric Corporation, Advertising and Sales Promotion Department, P.O. Box 868, Pittsburgh, Pa.*



INVENTORY LOANS—FIELD WAREHOUSING—"Profits on Your Premises," a 12-page booklet explaining what field warehousing can do for you and your customers. Write *Douglas-Guardian Warehouse Corporation, 50 Broad Street, New York 4, N. Y. or*

New Orleans, La.



"BATTLE THE BORER WITH PROPER TILLAGE" is an illustrated 16-page booklet which gives a brief history of the Corn Borer invasion, the life cycle and habits of the insect, and the methods of control that have proved most practical and successful. Free on request to *Allis-Chalmers Mfg. Co., Tractor Division, Milwaukee 1, Wisconsin.*

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July 1948

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

The Outlook. It is always a fair question just how much control we have as a people over business trends and developments—for example, the steady firming of money rates since July 12, 1946, when the Federal Reserve Board approved an increase from $\frac{1}{2}$ to $\frac{3}{4}$ percent in the buying rate on bankers' acceptances. Is that a case of exercising controls or of yielding to a rather stubborn tide?

A wide difference of opinion separates those who have confidence in economic controls from those of little faith. Somewhere in between the two extremes is the truth of the matter. Our controls probably work fairly well with the economic waves and ripples but we can't do much with the tides.

The principal tides at present which are likely to affect the general course of business the rest of the year are closely related to one another.

Several Controlling Factors

(1) *The impasse with Russia.* The complete lack of evidence that this conflict can soon be settled makes certain a huge and rising expenditure for military and economic defense.

(2) *The emergency of a general belief that there will be a change of administration in Washington.* While it's far from clear how this will affect the relations between business and government (which have been friendly enough during the Truman period), the prospect of a change is generally regarded as a bright point in the business picture.

It means the end of an era which began with the recognition of Soviet Russia and a domestic program which fitted in with this action.

(3) *Inflation.* All the factors which caused the current inflation are still present plus one special factor, namely, increasing public apathy to the danger. People are doing just what the government is doing—spending more and saving less.

A.B.A. President Dodge asked the annual convention of the New York State Bankers Association:

"Where do we find any general determination to resist and eliminate or postpone avoidable public expenditure, or tax or debt increases? One day we hear expressions of alarm and emergency about inflation and demands for more controls over business and individual affairs as a corrective. The next day we hear of new or continuing acts of a nature to magnify the evil which causes the alarm.

"We speak loudly and vigorously about the need to maintain our heritage of freedom, free private enterprise, and individual initiative; and then turn to government for answers to our problems, to subsidize our failures, and to correct our excesses.

"I tell you these two views are conflicting and fundamentally incompatible. You cannot have both.

"Where you choose the second, you give up the first. If

you value and would retain the first, you must find ways to avoid the second."

(4) *High industrial production.* The chief force counteracting inflation is the continued production of consumer goods at their all-time peak. This, together with a fairly good rate of savings and the efforts of banks to channel credit to productive purposes, has kept inflation somewhat within bounds.

(5) *The precedent-setting wage agreement by General Motors* including a cost-of-living bonus. Together with grants of higher wages by Chrysler, General Electric and others, and stirrings in the transportation and coal industries, it looks like "hold your hats, here we go again."

(6) *Improvement in crop prospects here and abroad.* This holds two possibilities—one, an earlier shift from relief to reconstruction in the pattern of ECA shipments and, two, an easing of food prices and wage demands based on cost of living. Greater emphasis on reconstruction in the foreign aid program would, of course, affect all principal industries one way or another and have a stimulating effect on suppliers of locomotives, tractors and machinery of many kinds.

(7) *The rise in imports and decline in exports.* Prior to the start of the ECA program U.S. imports showed a sharp upward trend and exports declined. While they are still a long way from being balanced the change is a hopeful sign in a situation where hope has not been much in evidence.

(8) *The lack of progress back to normal conditions under which foreign trade is carried on.* In fact, the tendency since the war has been more and more in the direction of political management of all movement of goods from country to country.

Starting with Russia and other totalitarian countries and now extending throughout the world foreign trade has come to be managed for political purposes without regard to ordinary business principles.

(9) *The increasing cleavage between isolationist and internationalists in the United States.* This is evident in the fight over continued high expenditures under the ECA program and other forms of foreign aid. After World War I isolationist opinion did not take so long to make itself heard as this time but might make up for lost time once it comes to life and takes a look around.

(10) *The case of the obstinate recession.* By this time practically all predictions and predictors have been thwarted and eluded. The consensus now is that the readjustment will occur when the pipelines have been filled. This will occur when the demand for houses and goods at today's prices has been satisfied and industry faces the necessity of cutting prices to widen the market.

Pipelines would also be filled very quickly if people lost confidence in the future for any reason and stopped buying.

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